



Investor World

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Vol : III / Mar. 2019

**Bulletin of
Investor Education &
Welfare Association**

(Regd. under Societies Acts
Regd. No. 656 Dt. 6-9-93)

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Editorial

Mr. Bhavesh Vora

There is a saying that "Everything has a time and there is a time for Everything". We at IEWA believe that is time for IEWA to REGULARLY communicate with its members and investing Public through this bulletin.

We intend to make it a monthly which apart from informing about the IEWA activities will also educate the members on various aspects of investing. It is said that Investment is an art. You have to be good at it to be a successful investor. Not all can be good at it for various reasons. You may not be good at it because you don't have time to spare from your current affairs to understand the nuances of investment or because you do not carry that background or knowledge to make informed decisions. Moreover, the options of investments has grown by leaps and bounds. It will require immense amount of time devotion in study and gradually gaining expertise through experience. The basic premise of successful investment portfolio is that all eggs are not put in one basket. We shall over a period of time explain various investment options available to the investor.

We at IEWA will try to fill this knowledge gap by conducting educational seminars addressed by investment experts. This bulletin will also make a humble effort to supplement your knowledge. We expect that, not only you will read this from cover to cover but also give suggestions to improve the quality of the publication. This bulletin has some interesting articles. We hope you will enjoy them.

By the time this issue is in your hands, the first round of elections would be just beginning. Amidst the heat of elections, we must not take our democracy for granted. It is an invaluable privilege not enjoyed by many. So DO NOT FORGET TO CAST YOUR VOTE and be an integral part of Indian Democracy that is so much alive and kicking.

WISHING YOU ALL A HAPPY INVESTING AND HAPPY VOTING.

INSIDE

- 1) It Made Americans
Rich.....3
- 2) How to Read Annual
Accounts4
- 3) आईपीओ.....9
- 4) Invertor Corner.....10
- 5) Women
Empowerment.....11

INVESTOR PROTECTION THROUGH EDUCATION

Views expressed by contributors are their own and the association does not accept any responsibility.

Investing all your money in one source
may not reap you the ideal results.

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financial goals faster by protecting you against significant losses
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It Made Americans Rich... It Made the Japanese Rich... Now it's India's Turn



Tanushree Banerjee
Team Equity Master

Japanese railways are renowned for their punctuality and precision.

The country's largest high-speed railway line has operated for almost half a century. But what is remarkable is that it never had a single derailment or collision.

If that's not enough, last year, its average departure delay was a mere 18 seconds, along a 320-mile route.

Can we expect such degree of safety and efficiency in Indian railways? Even though the country may soon have its first bullet train of Japanese make, we remain skeptical.

What is unique about Japanese railways is that it was amongst the first ones in the world to get privatised.

In 1987, the government privatised the Japanese National Railways. The company operated every type of transit except trams and inner-city metros. Eventually all the regional railway companies in Japan also had private sector owners.

With privatisation, the railway companies could repay their debt. They invested capital to improve and modernise their networks. And in the process, reversed the stagnation and decline that Japanese railway companies had seen over the previous decade.

By the year 2000, East Japan Railway Company featured in Forbes' Top 200 companies globally in terms of market cap.

And not just that. Subsequently, even during Japan's lost decades in the stock market, the stock multiplied nearly three times.

Privatisation did to Japanese railway companies what no government in the world could do to state owned transport entities. And the health of these companies was best reflected in their stock market fortunes.

Now just as Japanese railways are renowned for precision, the US Military is known to be the hotbed of new technology. Even the research on the internet, as we know it today, was originally funded by the US Department of Defence.

The end of the Cold War was a major turning point for the American defense industry. And with the privatisation of several defence related manufacturing entities in the 1980s, the sector was flush with funds for research.

India was the world's richest economy about 2,000 years ago. And many believe it's on the verge of repeating history again.

Yes! All across India, old businesses and new, are booming like never before. And it's creating the opportunity of a lifetime.

The real question is – Will you be there to claim your share of the greatest wealth creation event in Indian history?

Companies like Boeing and Northrop Grumman Corporation were amongst the first to benefit from this trend. **These companies saw their stock prices multiply nearly 61 times and 56 times over past three decades.**

You know that privatization is not a trend that is seen in economies every now and then. It usually occurs only once. Or possibly after decades.

Fortunately, few sectors in India are on the cusp of this trend for the first time ever.

And as investors in Indian stock markets, we find ourselves at the right place at the right time.

Like in the case of Japan and the US, privatization may not just create tremendous stock market wealth. But also push several Indian companies in the reckoning of global leaders.

I want to know what you think about this, dear reader. Which government company or industry would you like to see privatised? How much wealth do you think that would create?

HOW TO READ ANNUAL ACCOUNTS



CA Dharmen Shah

A conscious investment decision is taken on the basis of study of Balance Sheet & Accounts of the Company. You need not be a financial wizard or a Chartered Accountant to read the Annual Accounts of the Company. One only need to devote some time and seat with a calculator and work on the annual report received.

Annual Accounts of the Company comprise of the following:-

1. Directors Report.
2. Auditors Report.
3. Balance Sheet.
4. Profit & Loss Account.
5. Notes to Accounts.

The Annual Report will also have Management Discussion & Analysis, Corporate Governance Report, Chairman's Speech apart from other details.

To have a thorough knowledge and understanding of the accounts it would be wise to study all of the above. However, in the present article we discuss certain important information which one must look into to, in the Annual accounts of a company. Profit & Loss give the yearly performance of the company while Balance Sheet is the cumulative effect of each years performance. One must also read the auditor's report to see if it contains any serious qualifications on the accounts of the company.

The summarized accounts of two Listed Companies are reproduced hereunder for you to compare: they are ABC & XYZ. These two companies have been considered for case study because they present a stark contrast which highlights the differences in their financial accounts. ABC is the profit making and a blue-chip company virtually without debt while XYZ has been incurring losses and have huge debts. One can see several structural differences in the Balance Sheet and Profit & Loss statements of the two companies. We have also worked out some ratios to enable you to understand the basic difference between the two companies. Analysing the basic accounts in such a manner will give one a fair idea about the intrinsic strengths and weaknesses of the company. All that one needs to do is to pick up an Annual Report and spend some time studying it.

Comparitive Balance Sheet as at 31st March, 2018
of ABC And XYZ

Particulars	(Rs. In Crores)	
	ABC 31st March, 2018	XYZ 31st March, 2018
ASSETS		
A) Non Current Assets		
Property, Plant and Equipment	2,477.44	40,711.85
Capital work-in-progress	1,391.84	3,840.58
Goodwill	35.36	-
Other Intangible Assets	55.73	9.88
Investments in Susidiaries and Associates	-	396.38
Financial Assets		
- Investment	1,547.33	3.45
- Loans	79.08	-
- Trade Receivables	-	-
- Other Financial Assets	144.75	95.51
Deferred tax assets (Net)	247.69	
Other Non-current Assets 305.81	497.07	
Total Non Current Assets (A)	6,037.34	45,802.41
B) Current Assets		
Inventories	2,178.43	3,691.50
Financial Assets		
- Investments	1,030.01	5.01
- Trade Receivables	1,138.20	1,059.13
- Cash and Cash Equivalentents	106.70	237.97
- Other Bank Balances	14.14	158.16
- Loans	12.17	728.37
- Derivative Financial Assets	-	0.23
- Others Financial Assets	627.23	2.46
Current Tax Assets (Net)	49.50	71.89
Assets classified as Held for Sale	0.92	-
Other Current Assets	393.29	1,953.35
Total Current Assets (B)	5,550.59	7,908.07
Total Assets (A + B)	11,587.93	53,710.48

Particulars	(Rs. In Crores)	
	ABC 31st March, 2018	XYZ 31st March, 2018
EQUITY AND LIABILITIES		
A) Equity		
Equity Share Capital	95.92	3,109.63
Other Equity	7,702.24	(19,537.16)
Total Equity (A)	7,798.16	(16,427.53)
Liabilities		
B) Non Current Liabilities		
Financial Liabilities		
- Borrowings	9.87	828.41
- Trade Payables	-	-
- Other Financial Liabilities	0.65	-
Provisions	107.35	38.56
Deferred tax liabilities (Net)	270.33	-
Other non-current Liabilities	2.61	207.93
Total Non Current Liabilities (B)	390.81	1,074.90
C) Current Liabilities		
Financial Liabilities		
- Borrowings	-	13,686.20
- Trade Payables		
Due to Micro and Small Enterprises	34.82	-
Due to Others	1,816.68	5,316.45
- Derivative Financial Liabilities	-	22.19
- Other Financial Liabilities	1,208.56	47,673.56
Other current liabilities	244.99	2,342.15
Provisions	42.85	22.56
Current tax liabilities (Net)	51.06	-
Total Current Liabilities (C)	3,398.96	69,063.11
Total Equity and Liabilities (A + B + C)	11,587.93	53,710.48
Ratio Analysis (Balance Sheet Ratios)		
1) Current Ratio	ABC	XYZ
Current Asset/Current Liabilities	1.66	0.11
Higher Current Ratio (2:1 is accepted) shows short term liquidity or solvency of a company to meet its current obligations		
2) Debt-Equity Ratio	0.0017	(0.90)
Total Liabilities/Shareholder's Equity		
Debt-Equity Ratio is ascertained to determine long term solvency position of a company and how much the company has leverged its equity to procure loans		

Particulars	(Rs. In Crores)	
	ABC 31st March, 2018	XYZ 31st March, 2018
3) Fixed Asset Turnover ratio Net Sales/Total Fixed Assets Asset turnover ratio measures the value of a company's sales or revenues generated relative to the value of its fixed assets.	5.99	0.64
4) Cash Conversion Cycle (In Days) It is a metric that expresses the time (measured in days) it takes for a company to convert its investments in inventory and other resources into cash flows from sales.	9.09	13.02
5) Debtors Turnover Ratio (In Days) Net credit sales / Average accounts receivable The ratio is used to quantify a company's effectiveness in collecting its receivables.	28.53	15.03
Comparative Statement Of Profit And Loss For The Year Ended 31st March, 2018 of ABC And XYZ		
Particulars	(Rs. In Crores)	
	ABC 31st March, 2018	XYZ 31st March, 2018
INCOME		
Revenue from Operations	14,559.55	25,729.27
Other Income	277.50	298.40
Total Income	14,837.05	26,027.67
EXPENSES		
Cost of Materials Consumed	7,100.16	15,792.54
Purchase of Stock-in-trade	742.57	0.87
Energy Cost	81.57	3,678.90
Changes in Inventories	154.12	(223.69)
Excise Duty / Goods and Service Tax Expenses	391.69	565.10
Employee Benefits Expense	791.08	415.90
Other Expenses:	2,377.86	2,904.65
Total Expenses	11,639.05	23,134.27
Profit before Interest, Tax, Depreciation and Amortisation	3,198.00	2,893.40

Particulars	(Rs. In Crores)	
	ABC 31st March, 2018	XYZ 31st March, 2018
Finance Cost	21.06	7,377.62
Exchange Variation & Derivative (gain)/Losses(net)	-	(18.19)
Depreciation / Impairment & Amortization Expenses	311.11	1,879.68
Profit before Tax and Exceptional Items	2,865.83	(6,345.71)
Exceptional Item Exepense/(Income)	-	6,007.22
Profit/(Loss) before tax	2,865.83	(12,352.93)
Tax Expenses		
Current Tax	968.87	-
Deferred Tax Expense / (Income)	2.57	4,490.74
Short / (Excess) Provision for earlier years	(0.41)	(0.92)
Total tax Expense	971.03	4,489.82
Profit/(Loss) After Tax	1,894.80	(16,842.75)
Earnings Per Equity Share (for continuing operation)		
Basic	19.75	(54.16)
Diluted	19.75	(54.16)
Ratio Analysis (Profitability Ratios)	ABC	XYZ
1) Net Profit Ratio	13%	-65%
Net Profit After Tax/Total Income		
The net profit ratio directly measures % of net profit on Total Income of the company.		
2) Gross Profit Ratio	43%	24%
Gross Profit/Net Sales		
The gross profit margin ratio measures the % of gross Profit on Total Income of the company.		
3) Interest Coverage ratio	90.97	(1.28)
Operating income / Interest expenses		
The interest coverage ratio is no of times the Profit of the company can cover its interest burden.		
4) Return on Investment	16%	-31%
Net Profit After Tax/Capital Employed		
It is a ratio that measures the % of Net Profit on total capital employed by the company.		
5) Return on Shareholders Fund	24%	-103%
Net Profit After Tax/Shareholders Fund		
It is a ratio that measures the % of Net Profit on total shareholders fund (ShareCapital + Reserves)		

આઈપીઓમાં રોકાણ કરતી વખતે આ નવ વાત સમજી રાખો

શેરબજારમાં તેજી હોય ત્યારે આઈપીઓની કતાર પણ શરૂ થઈ જતી હોય છે. એક પછી એક આઈપીઓ આવવા લાગે છે, છલકાવા પણ લાગે છે, ત્યારબાદ લિસ્ટીંગમાં ભાવ શું ખુલશે ? એ મુદ્દો ચર્ચામાં રહે છે. જો કે રોકાણકારોએ આઈપીઓમાં રોકાણ કરતા પહેલાં કેટલીક વાતો ખાસ સમજી લેવી જોઈએ.



જયેશ ચિતલિયા
પત્રકાર

પહેલીવાત, પહેલે - બીજે દિવસે પરત છલકાઈ જતા આઈપીઓ એ માત્ર આઈપીઓ કે તે કંપની સારી - મજબુત હોવાનો નક્કર પુરાવો નથી. મોટાભાગની કંપનીઓ માર્કેટના ખુલિશ ટ્રેન્ડને કારણે આમાં સફળ થતી હોય છે. અગત્ય, આ કંપનીઓ - આઈપીઓ નબળી કંપનીઓ કે લેભાગુ કંપનીઓના છે એવું માની લેવાની પણ જરૂરી નથી, કિંતુ સાવચેતી અને સમજ સાથે આગળ વધવું બહેતેર.

બીજી વાત, છલકાઈ જતા આઈપીઓમાં મ્યુચ્યુઅલ ફંડસનો પણ મોટો હાથ છે, મ્યુચ્યુઅલ ફંડ પાસે ભંડોળ છલકાઈ રહ્યા હોવાથી તેઓ આઈપીઓની ઇક્વિટીમાં પણ વધુ રોકાણ કરે છે. આ ઉપરાંત પ્રાઈવેટ ઇક્વિટી ફંડ પણ ખરાં.

ત્રીજી વાત, આઈપીઓ વધુ પડતા છલકાઈ જવાનું કારણ માર્જિન ફંડીંગ કે આઈપીઓ સામે થતું ફાઈનાન્સ પણ હોય છે. બ્રોકરો કે ફાઈનાન્સ કંપનીઓ આઈપીઓ માટે છુટથી નાણાં ધિરાણમાં આપે છે, કેમ કે તેમાં તેમને લાભ છે. આઈપીઓ લાવતી કંપનીઓનો પણ આમાં રસ હોય છે. રિટલે રોકાણકારો આ ફાઈનાન્સ સુવિધાને લીધે બેઘડક અરજીઓ કરે છે. જેમનો ઇરાદો લિસ્ટીંગમાં સારો ભાવ મળતા વેચીને છુટા થઈ જવાનો હોય છે. આ ફાઈનાન્સ કંપનીઓને ઝાઝુ જોઝમ હોતું નથી. કારણ કે ફાઈનાન્સ બાદ શેરોમાં તમનું પણ નામ હોય છે અને તેમના ડિમેટ એકાઉન્ટમાં આ શેર જમા થાય છે, જેથી બોરોઅર રોકાણકાર ડિફોલ્ટ પણ કરે તો આ કંપની શેર વેચીને નાણાં રિકવર કરી લે છે.

ચોથી વાત, ઈસ્યૂને સફળ બનાવવામાં તેનું મેનેજમેન્ટ કરનાર મર્ચન્ટ બેન્કર પણ સક્રિય ભુમિકા ભજવે છે, જેના દ્વારા તેમનો હેતુ વધુ બિઝનેસ મેળવવાનો હોય છે.

પાંચમી વાત, આઈપીઓમાં લિસ્ટીંગમાં ઊંચો ભાવ ખુલતા જ શોર્ટ ટર્મ રોકાણકારો નફો લઈ નીકળી જાય છે, બીજા રોકાણકારો થોડા શેર રાખી બાકીનામાંથી નીકળી જાય છે. અર્થાત આમાં લોંગ ટર્મ ઇન્ટરેસ્ટ ધરાવનાર રોકાણકારો ઓછાં હોય છે. જે કંપની માટે સારી નિશાની ન ગણાય.

છઠ્ઠી વાત, મુડીબજારમાં હવેના સમયમાં આવતી મોટાભાગની કંપનીઓનું ભાવિ લાંબો સમય મજબુત રહી શકવા જેવું હોતું નથી, કારણ કે દરેક ક્ષેત્રમાં સ્પર્ધા સતત વધતી રહે છે. જેમાં તેમના પ્રોફીટ માર્જિનને અસર થાય છે અને કંપનીના શેરના ભાવને પણ અસર થાય છે.

સાતમી વાત, આઈપીઓ માટે ફી પ્રાઇસિંગ પોલીસી હોવાને લીધે પણ મોટાભાગની કંપનીઓ વધુ પડતા ઉંચા ભાવે ઈસ્યુ લાવે છે. જે તેજીના દોરમાં છલકાઈ જાય છે, પરંતુ લાંબા ગાળે એ ભાવ પર ટકી શકતા નથી.

આઠમી વાત, રોકાણકારોએ એ ખાસ જાણી લેવું જોઈએ કે કંપનીનો આઈપીઓ લાવવાનો ઉદ્દેશ શું છે, કારણ કે ઘણી કંપનીઓ તેના આઈપીઓ મારફત ઊભી થનારી રકમમાંથી પોતાનું દેવૂ ચુકવવાની હોય છે. અબલત્ત, આનાથી તેનો વ્યાજ બોજ ઓછો થાય છે. કિંતુ આ બહુ સધ્ધર નિશાની ગણાય નહીં. કંપની પોતાના વધુ વિકાસ માટે કે નવા સાહસ માટે કંઈક કરતી હોય તો તેમાં પણ પ્લસ - માઈનસ જોવા જોઈએ.

નવમી વાત, કંપનીના મેનેજમેન્ટ અને તેના ટ્રેકરેકોર્ડને પણ ખાસ જોઈ લેવો જોઈએ. તેની ગ્રુપ કંપનીઓ કેવી કામગીરી બજાવે છે અને તેના ભાવિ લક્ષ્યો કેવા થે એ પણ જાણવા જોઈએ. આમાં અપવાદ જરૂર હોય છે. તેમ છતાં આંશિક નફો તો બુક કરી લેવામાં જ સાર. બાકી કંપનીના ફંડામેન્ટલ્સ મજબુત હોય અને ભાવ ઘટે તો કરી ખરીદી ક્યાં નથી કરી શકાતી ?

આઈપીઓમાં અસ્બાનો ઉપયોગ કરવો જોઈએ

આ સાથે રોકાણકારોએ આઈપીઓ માટે અસ્બા (એએસબીએ - એપ્લિકેશન સપોર્ટેડ બાસ બ્લોકડ એમાઉન્ટ) સિસ્ટમને પણ સમજી લેવી જોઈએ અને તેનો જ ઉપયોગ કરવો જોઈએ, કારણ કે અસ્બા સિસ્ટમમાં રોકાણકારોના નાણાં તો જ બેંક એકાઉન્ટમાંથી બંહાર જાય છે. જ્યારે તેને અરજી કરેલા શેરોમાંથી ફાળવણી થાય છે અને એ નાણાં પણ એટલાં જ બહાર જાય છે જેટલાં શેરોની તેને ફાળવણી થઈ હોય છે. અર્થાત, રિફંડ માટે રાહ જોવાની સમસ્યા જ રહેતી નથી, તેમ જ નાણાં વધુ સમય બ્લોક પણ થતા નથી. જો શેર લાગે જ નહીં તો રકમ બેંકમાં એમની એમ જ રહે છે. જો કે શેર માટે અરજી કર્યા બાદ જ્યાંસુધી ફાળવણી જાહેર ન થાય ત્યાંસુધી એટલી રકમ બેંકમાં બ્લોક રહે છે, તેનો અન્ય કોઈ હેતુસર વપરાશ થઈ શકતો નથી.

INVESTOR CORNER

7 Indian Government Schemes For Women

1. Mahila E-haat

It is a direct online marketing platform launched by the Ministry of Women and Child Development to support women entrepreneurs, Self Help Groups (SHGs) and Non- Governmental Organisations (NGOs) to showcase products made and services rendered by them. This is a part of the 'Digital India' initiative.

Women can register themselves at www.mahilaehaat-rmk.gov.in and leverage technology for showcasing their work to a broader market.

2. Working Women Hostels

The objective of the scheme is to promote the availability of safe and conveniently located accommodation for working women, with daycare facility for their children, wherever possible, in urban, semi-urban, or even rural areas where employment opportunity for women exist.

Further details of the Working Women Hostel Scheme can be accessed on the Department of Women and Child Development's official website.

3. STEP

The Support to Training and Employment Programme for Women (STEP) Scheme aims to provide skills that give employability to women and to provide competencies and skill that enable women to become self-employed/entrepreneurs.

A particular project will be for a duration of up to 5 years depending upon the nature, kind of activities and the number of beneficiaries to be undertaken.

Sectors include Agriculture, Horticulture, Food Processing, Handlooms, Tailoring, Stitching, Embroidery, Zari etc, Handicrafts, Computer & IT enable services along with soft skills and skills for the workplace such as spoken English, Gems & Jewellery, Travel & Tourism, Hospitality, etc.

4. Nari Shakti Puruskars

The Nari Shakti Puruskars are national level awards recognizing the efforts made by women and institutions in rendering distinguished services for the cause of women, especially vulnerable and marginalized women.

The awards are presented by the President of India every year on 8 March, International Women's Day at Rashtrapati Bhavan in New Delhi.

5. BetiBachao, BetiPadhao

This is a social campaign aimed at eradication of female foeticide and raising awareness on welfare services intended for young Indian girls.

The "Save the Girl Child" movement was launched on 22 January 2015, it is a joint initiative run by the Ministry of Women and Child Development, the Ministry of Health and Family Welfare and the Ministry of Human Resource Development.

6. One Stop Centre Scheme

Popularly known as 'Sakhi,' it was implemented on 1st April 2015 with the 'Nirbhaya' fund. The One Stop Centres are established at various locations in India for providing shelter, police desk, legal, medical and counselling services to victims of violence under one roof integrated with a 24-hour Helpline.

The toll-free helpline number is 181.

Here is a list of Sakhi centres across the country.

These centres can be contacted for:

- Emergency Response and Rescue Services
- Medical assistance
- Assistance in lodging FIR/NCR/DIR
- Psycho - social support/ counselling
- Legal aid and counselling
- Shelter
- Video Conferencing Facility to record statement for police/ courts

7. SwadharGreh

The Swadhar scheme was launched by the Union Ministry of Women and Child Development in 2002 for rehabilitation of women in difficult circumstances.

The scheme provides shelter, food, clothing and care to the marginalized women/girls who are in need. The beneficiaries include widows deserted by their families and relatives, women prisoners released from jail and without family support, women survivors of natural disasters, women victims of terrorist/extremist violence etc.

The implementing agencies are mainly NGOs.

WOMEN EMPOWERMENT THROUGH FINANCIAL AWARENESS



CA Kavita B Upadhyay

It is imperative in the current world that women be in charge of their finances and be financially independent. A possible explanation for gender differences in financial literacy relates to differences in opportunity for exposure to financial products and the opportunity to learn by doing.

In the household context, a primary reason for this could be intra-household specialisation. Depending on cultural and societal norms, men may hold primary or exclusive responsibility for certain aspects of financial decision making. Other barriers to women's participation in household financial matters include explicit and implicit barriers to working outside the home, accessing credit or holding property.

A person's confidence in financial matters, self-assessed ability, financial knowledge and financial behaviour are all better after exposure to such experiences.

One important feature of household economic life is self-employment, or entrepreneurship. In many instances, the line between household finance and business skills is not well-defined, particularly if the enterprise is very small. Financial literacy for women is relevant to this domain, especially in societies where women's economic participation outside the home is limited to the typical context of small-scale, informal household enterprise. Some development organisations, have thus attempted to increase women's empowerment by building women's ability to successfully start and manage small-scale or micro-enterprises. Training in the context of microenterprise programmes can have independent, positive impacts on income-generating ability, as well as other effects on increasing socio-political participation for the enrolled women.

Lower levels of financial literacy have the potential to reduce women's active participation within the economy; economic power within the household; transmission of knowledge to the next generation. Further, it affects the early learning, behaviours and attitudes of next generation consumers and worsens the existing social disparities.

On the contrary, households that accumulate formal financial experience generate greater demand for financial products; pressure for market transparency, competitiveness and efficiency; while increased wealth accumulation and increases in the private savings rate-in combination with well-functioning markets-builds economic stability, stimulates economic activity and leads to increased development.

Small borrowers know very little about the interest rate at which they have borrowed or about the total interest expense on the loan and instead think about loans in terms of what they owe from week to week. Financial literacy training in such cases will suddenly have no direct impact on business income or assets but they usually result in higher repayment of such debts and understanding the need, availability and impact of loans.

Simply put, Financial Awareness begins with basic understanding around savings/ expenses/ investments. Inculcating the habit of disciplined savings from a young age is the first step to become financially independent. Uncontrolled expenses by access to credit card limits lead to heavy debts and if not debts, they may usually impact wealth creation in the long run. Assets are things that generate money. Liabilities block money. The best way to explain the concept of expenses to create wealth is this - "The rich buy assets. The poor only have expenses. The middle class buy liabilities they think are assets."

12 RULES TO INVEST WISELY

(AND REAP BENEFITS IN ANY MARKET CONDITION)

- Rule 1: Invest regularly
- Rule 2: Start investing early in life (and get the power of compounding to work for your investment)
- Rule 3: Never try and time your investments basis tips, market trends or economic outlook
- Rule 4: Inflation and Taxes will eat into your returns. Therefore know your actual returns in hand
- Rule 5: Diversify your investments across asset classes, to spread your risk
- Rule 6: Balance and re-balance your investments as you age
- Rule 7: Expect reasonable returns from your investments and sell, once you have got the returns you seek
- Rule 8: Get over your mistakes and losses. Learn from them
- Rule 9: Never invest or sell in haste (and regret later)
- Rule 10: Avoid investing in complicated products you don't fully understand or products that offer unrealistic returns
- Rule 11: Spend time on your investments (it's your hard earned money) or get a good financial advisor to do it for you
- Rule 12: Keep it simple, invest in Mutual Funds

Disclaimer : - The illustration are merely indicative in nature which should not be construed as investment advice and neither ensure you profits nor protect you from making a loss in declining market. Views expressed by Contributors.

INVESTOR PROTECTION THROUGH EDUCATION

Published by Mr. Prakash Shah on behalf of Investor Education & Welfare Association. Printed at Gurudeo Printers, Mumbai.