

Not earn to burn only, but learn to invest also!

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Abstract: *This paper is based on observation and is analytical in nature.*

In this research paper an attempt is made to study the current investment scenario in India and abroad. Later on the paper tries to examine the syllabi prescribed by UGC for commerce graduate programs. At last the need for 'investment education' has been emphasized so that people can get the necessary skills of investing and may be able to plan for their safe and happy future life.

Objectives of Study:

- To analyze the current investment scenario prevailing in India and abroad.
- To examine the syllabi prescribed by UGC for commerce graduate programs.
- To provide some useful suggestions.

I. Methodology:

The study is based on observation and is analytical in nature.

Current investment Scenario:

Generally people don't know the golden rules of investing. Their investment is based on certain other factors, such as- rumors, advised by brokers or sub brokers, tips provided by experts of financial markets, newspapers and investment magazines and the most important one is greed.

Many people lost their valuable savings while they deposited in chit-fund companies and non-banking financial companies (NBFCs) in order to lure by more interest on their savings. Some of these companies flew over night. 'Sudarshan Chit Fund, a popular company with all-India business coverage, shocked its subscribers in 1976 when it went underground resulting in default to subscribers that ran into crores of rupees.'¹ In Tamil Nadu 'Ram Kashyap Chits'² became defunct sinking lakhs of rupees of investors. In Madurai when the Economic Offences Wing (EOW) came into being during 2000 'there were several complaints of cheating by chit fund operators.'³ In Mangalore, a reputed company that set up base here several years ago has allegedly cheated people of lakhs of rupees.⁴ In Uttar Pradesh various non-banking financial companies such as INCAN, Kuber, KDT flew overnight sinking lakhs of rupees of investors.

After NBFCs, people started investing in commodities via commodity exchanges- Multi Commodity Exchange of India Ltd. and National Commodity and Derivatives Exchange Ltd. (MCX and NCDEX) and stocks of companies. The Forward Markets Commission (FMC), the regulatory authority of the Commodities Futures Markets imposed 'futures trading ban on eight agri-commodities- tur and urad in January, 2008, wheat and rice in February and refined soya oil, rubber, potato and chana (chick peas) in May to put breaks on surging inflation.'⁵ This ban resulted heavy losses to investors.

A company named Terra Cap Pvt. Ltd., which was operational in Gonda and Balrampur districts of U.P., was registered under Indian companies act 1956 as a private limited company. It was authorized to trade in commodity market and it paid for a long period 8% interest per month for investing in that company for commodity trading. It has flown over night sinking millions of rupees of investors in several districts of U.P.

Many people lost their whole life earnings and many lost a handsome amount of their whole life earnings in stock exchanges meltdown worldwide. People invested in stocks in order to get heavy returns because indices in stock markets worldwide were sky rocketed. From a record high of 21,200 points in January 2008, the Sensex crashed to fewer than 7,700 in November 2008, leading huge losses to investors. 'This results in a global market capitalization loss to the tune of \$ 30 trillion, roughly 30 times India's GDP.'⁶

Many new financial products were introduced by the markets and people invested heavily in derivatives without knowing them. Many people became day-traders instead of investors and they suffered a

lot. People invested in commodities and stocks and its derivatives not only from their savings but also from loan taken from banks, friends, relatives and provident funds etc.

Stock markets are crashing hopes and are taking heavy toll of life and relationships. Look at the following instances: ‘A retired government teacher in Moradabad, Shankar Pawa, who had formed a committee which invested around Rs. 1 crore in stocks, killed himself by drinking poison unable to bear the losses...A woman in Ahmedabad is in distress after her husband is talking of deserting her as she lost over Rs. 30 lakh in the market in recent times.’⁷ Some reports show that losers are knocking at the doors of psychiatrists in order to get relief of mental illness caused by heavy losses. These examples show that people are illiterate as how to invest.

Education at primary and middle level in India does not provide investment education. National Saving Organization is operating some programs in order to inculcate the saving habits among the students.

Some web sites such as web sites of SEBI, NSE, BSE, AMFI and ICICI etc. provide some material to inform investors but these bits of information are insufficient and scattered.

Examination of the syllabi prescribed by UGC for commerce graduate programs:

The commerce graduate programs have often been perceived fairly strong in fetching jobs in the business-trade-industry sector. Interestingly, owing to invasion of variety of management courses, the employability of commerce graduates was reduced to a great extent earlier. In order to regain lost glory of commerce education as job-getters, UGC has provided new model curricula of commerce programs in 2001. Apart from usual B.Com program five sister specialty streams have been conceived in different root areas of commerce viz. Bachelor of Commerce (Accounting and Finance), Bachelor of Commerce (Marketing), Bachelor of Commerce (International Business), Bachelor of Commerce (Banking and Insurance) and Bachelor of Commerce (E-Commerce). The course structure for these six graduate programs is given below in a statement form:

Statement Showing Course Structure for Commerce Graduate Programs

S. No.	BC	BAF	BM	BIB	BBI	BEC
First Year						
1.	Business Communication					
2.	Mathematics	Mathematics	Mathematics	Mathematics	Mathematics	Mathematics
3.	Financial Accounting					
4.	Business Regulatory Framework					
5.	Business Economics					
6.	Business Environment					
Second Year						
1.	Corporate Accounting	Business Statistics				
2.	Company Law	Principles of Buss. Mgt.				
3.	Business Statistics	Company Law				
4.	Cost Accounting					
5.	Principles of Buss. Mgt.	Info. Tech. & its Implications in Business				
6.	Income Tax	Internet & WW Web				
7.	Fundamentals of Entrpr'ship					
Third Year						
1.	Info. Tech. & its Implications in Business	Corporate Accounting				
2.	Money and Financial	Management Accounting	Principles of Marketing	Principles of Marketing	Indian Banking System	Income Tax

	System					
3.	Management Accounting	Financial Management	International Marketing	International Marketing	Fundamentals of Insurance	Indirect Taxes
4.	Auditing	Financial Market Operations	Personal Selling	International Business Environment	Merchant Banking & Financial Services	Management Accounting
5.	Indirect Taxes	Indian Financial System	Advertising and Sales Promotion	India's Foreign Trade and Policy	Insurance Management	Essentials of E-Commerce
6.	Either Comb. -1* 3.61 & 3.71	Security Analysis and Portfolio Mgt.	Agriculture and Rural Marketing	Export-Import Procedures & Documentation	Commercial Bank Management	Principles of E-Marketing
7.	Or Comb. -2* 3.62 & 3.72	Financial Statement Analysis	Distribution & Retailing	International Finance	Legislative Insurance Framework	Fundamentals of M-Commerce
8.	Or Comb. -3* 3.63 & 3.73	B.Com (BC) Courses in Comb. 1,11,111,IV 1. BC 3.61 Financial Management & BC 3.71 Financial Market Operations 2. BC 3.62 Principles of marketing & BC 3.72 International Marketing 3. BC 3.63 Fundamentals of Insurance & BC 3.73 Indian Banking System 4. BC 3.64 Internet and WW Web & BC 3.74 Essentials of E-Commerce				
9.	Or Comb. -4* 3.64 & 3.74					

Source: UGC Model Curriculum, Commerce, University Grants Commission, New Delhi 2001, page 7.

Here: BC= Bachelor of Commerce
 BAF=Bachelor of Accounting and Finance
 BM= Bachelor of Marketing
 BIB= Bachelor of International Business
 BBI= Bachelor of Banking and Insurance
 BEC= Bachelor of E-Commerce

The critical analysis of the course structure for these six graduate programs reveals that the course structure does not incorporate any paper on 'investing'. In other words the emphasis in commerce education is on 'getting jobs' i.e. we are teaching only 'how to earn'. 'How to save and how to invest' is not the part and parcel of commerce education.

Need for Investment Education:

Ironically, when commerce graduates are not skilled in the art of investing, what will be the level of investment-skill of non-commerce graduates?

Annamaria Lusardi, Professor of Economics at Dartmouth College, US has said that in a society with a modern, fairly complex financial system such as the United States, it's probably not a good sign that more than half of its citizenry can't handle even economic basics.⁸ If it so in U.S. what can we expect in a developing country like India?

In India, the era to invest in NSCs, PPFs and endowment life policies in order to save income tax has gone, where financial system has become more complex, the doors are opened for foreign players, income level is rising, 'lack of financial knowledge is being considered as a key road block in the conversion of savings to investment or the movement of funds from bank deposits to equity-linked products.'⁹

II. Suggestions:

The need of the hour is to introduce a paper on 'investment' in the curricula of commerce graduate programs i.e. we have to teach not only how to earn but also how to safely invest our savings so that we may be able to plan for our safe and happy retirement.

Moreover, at least some topics, as suggested by Prof. Lusardi, should be taught in high school level also:

- Basics of How markets work
- Time value of money and the working of interest compounding
- The concept of risk and the working of risk diversification and insurance
- Basic accounting
- Rights and responsibilities of consumers

III. Conclusion:

The need of the hour is to introduce 'investment education' so that people of India may have investment skills and may be able to sail their investment vehicle in more complex financial markets. If this happens people may be in a situation to plan for their safe and happy future life.

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