

CHAPTER – III

AN OVERVIEW OF THE THEORETICAL FRAME WORK AND THE STUDY AREA

3.1. Investment

The term Investment refers to exchange of money wealth into some tangible wealth. The Money Wealth here refers to the money (Savings) which an investor has and the term Tangible Wealth refers to the assets, the investor acquires by sacrificing the money wealth. By investing, an investor commits the present funds to one or more assets to be held for some time in expectation of some future return in terms of interest (Revenue) or capital gain. Investment can be defined as commitment of funds that is expected to generate additional money. It also described as a vehicle into which funds are placed with the expectation that the funds would increase in value or would generate some return¹. Fisher and Jordan describe it in the similar manner, “An investment is a commitment of funds made in the expectation of some positive rate of returns”². Keeping idle cash in a cupboard is not an investment as it does not generate any income rather its value may be eroded by inflation. However, keeping money in a savings bank account is an investment as it generates interest income. An investor buys (invests) shares of a particular company in expectation of getting a dividend or getting a capital gain in terms of appreciation in the market price of his holding. Similarly, an investor is subscribing to the debentures of a company or depositing money in a fixed interest stream for the given period and return of a redemption value at maturity. In case a person buys a house, he invests his money now and uses the house, for his own dwelling or for rental income. When he resells it he will get the market value. In these cases, there is sacrifice or commitment of funds or other resources at present

¹ R.P. Rustagi, Investment, Analysis and portfolio Management, Sultan Chand and Sons, New Delhi, 2007. p.4

² Bhalla V.K. Investment Management , S. Chand and Co. Ltd., New Delhi, 2006, p3

by an investor in expectation of some future return or benefits. So, an investment is commitment of current funds in anticipation of receiving larger inflow of funds in future, the difference being the income.

3.2. Importance of Investment

Investments are both important and useful in the context of present day conditions. Preethi Singh pointed out the factors that have made investment decisions important are³

*** Longer Life Expectancy**

Investment decisions have become significant as people retire between the age of 58 and 60. Also the trend shows longer life expectancy. The earnings from the employment should therefore be calculated that a portion should be put away as savings. Savings by themselves do not increase wealth; these must be invested in such a way that the principal and income will be adequate for a greater number of retirement years. The importance of investment decisions is further enhanced by the fact that there are an increasing number of women working in organizations. Increase in the working population, proper planning for lifespan and longevity have ensured the need for balanced investments.

*** Increasing Rates of Taxation**

Taxation is one of the crucial factors in any country which introduces an element of compulsion in a person's savings. There are various forms of savings outlets in our country in the form of investments which help in bringing down the tax level by offering deductions in personal income. Some examples are investment in Unit Trust Certificate, Unit Linked Insurance plan, Life Insurance, and National Savings Certificates.

³ Preeti Singh, Investment Management, Himalaya Publishing house, New Delhi, 2006, pp.3-5.

* **Interest Rates**

Another aspect which is necessary for sound investment plan is the level of interest rates. Interest rates vary between one investment and another. It may vary between risky and safe investments. They may also differ due to different benefit schemes offered by the investments. These aspects must be considered before allocating any amount. A high rate of interest may not be the only factor favoring the outlet for investment. Further, stability of interest is as important as receiving a high rate of interest.

* **Inflation**

Inflation has become a continuous problem since the last decade. In these years of rising prices, several problems are associated with a falling standard of living. Before funds are invested, erosion of the resources will have to be carefully considered to make the right choice of investments. The investor will try and search an outlet which will give him a high rate of return in the form of interest to cover any decrease due to inflation. He will also have to judge whether the interest or return will be continuous or there is a likelihood of irregularity, Coupled with high rates of interest, he will have to find an outlet which will ensure safety of principal amount.

* **Income**

General increase in employment opportunities in India is another factor for investment decisions in India. After independence, a number of new organizations and services were formed such as the Banking Recruitment Services, the Indian Administrative Services, Public Sector Enterprises, expansion in Private Corporate Sectors, establishment of Financial Institutions, Tourism, Hotels and Education. The employment opportunities gave rise to both male and female working force.

More income and more avenues of investment have led to the ability and willingness of working people to save and invest their funds.

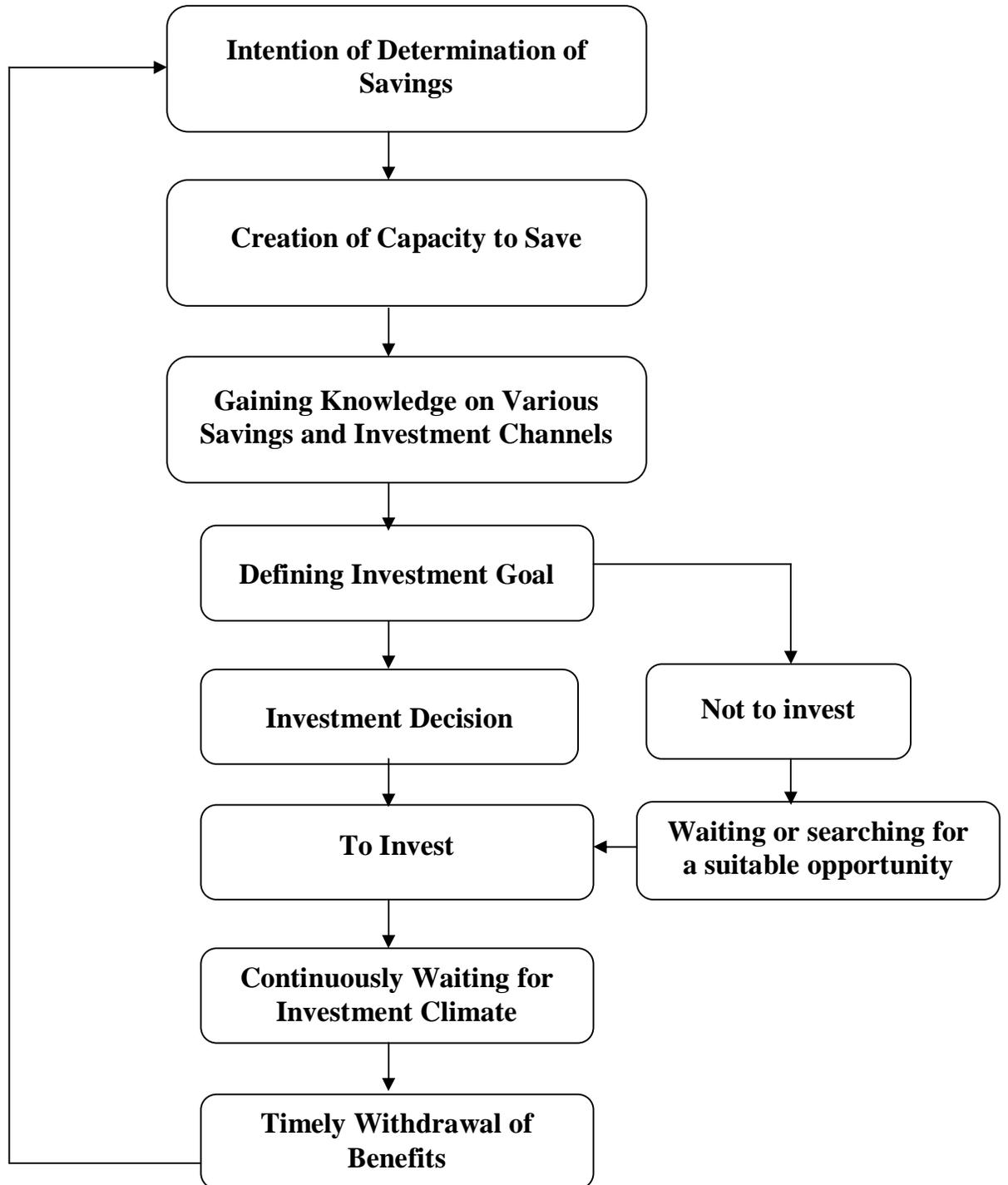
* **Investment channels**

The growth and development of the country leading to greater economic activity has led to the introduction of a vast array of investment outlets. Apart from saving money in banks where interest is low, investors have the choice of a variety of instruments. The investor in his choice of investment will have to try and achieve a proper mix between high rate of return and stability of return to reap the benefits of both. Some of the instruments available are corporate stock, provident fund, life insurance, fixed deposits in the corporate sector, Unit Trust Schemes and so on.

3.3. A Model for Investment Decision Making

Based on the behaviors of investor, a model for investment decision making is formulated and presented in the Flow chart. The model consists of several stages. In the first stage, the investor has to determine the practice of savings. Therefore the investor must create the capacity to save; secondly she should acquire knowledge about various saving and investment channels. Then she has to outline her objectives. Stage three is to execute the plan. Based on the knowledge acquired, coupled with investment goal, she has to decide the mode to invest. In this process, she may also decide not to invest at all. Again, she may prepare to wait or search for a suitable opportunity. In stage four, the investor must exercise proper care to withdraw the benefits in time. Savings and investment are a continuous process and hence, she must repeat the model again and again.

FIGURE 3.1
A SUGGESTED MODEL FOR INVESTMENT DECISION MAKING



3.4. Expectation of Investors

All investors expect unmixed, clear information on savings and investment opportunities. They point out that none of the media is providing such reliable information. They also report that most of the magazines and journals are biased because of the influence of concerned Institutions. Mostly, deliberately favored news was published, concealing the reality of the matter. As most of the publications resort to these unhealthy practices, investors with real interest in investment practice could not pick up a single journal/magazine to be update.

Investors are also not fully satisfied with the publications of Government with regard to the investment opportunities. In the past Government had many setbacks in its duty to disclose correct information to the public in time. Investors quote many instances, where the Government came forward to disclose the information or rescuer the investors from unscrupulous institutions only after happening miserable events. They expect timely disclosure of relevant information by the government. Many private sector financial companies failed to meet their repayment schedule and hence dispute arose between the investors and institutions. Government's belated intervention in the past resulted in the loss of crores of rupees of Investors. They also expect that Government must speed up the court proceedings, so that the investors already in misery will find a solution. The long pending court proceedings ultimately increase their burden.

Almost all the investors feel that the rate of interest on Government securities is very less when compared to the return available outside. For such higher return, investors are tempted to invest with private parties. Investors expect Government to enhance the rate of interest slightly higher than the present one. This will ensure satisfied return to them and safety of capital.

3.5. Personal Savings and its Importance

Money is needed to fulfill one's basic needs. Apart from the day to day expenses, man has some exigencies such as marriage, higher education, setting up a business, illness etc. To meet these expenses saving money is very essential. It is generally advised that one should save at least 10 per cent of one's income. Savings under lock and key is not a wise step and such well-guarded savings help neither the nation nor the owner. Necessarily, the saver must invest the savings to earn return on it. In simple terms, investment can be described as deployment of money for reaping future benefits. But in practice, it is as difficult as earning money since it involves commitment of funds and waiting to avail the return. Behind every investment, there is a strong reason, which makes the investor to sacrifice current consumption and invest for the future⁴.

3.6. Factors Influencing Investment

- **Increase in Investing Population**

The Indian Capital Market has been growing tremendously during the last decade. India is having the largest number of listed companies in the world. Investment in shares and debentures has become a major source of income in the present days. After implementation of privatization, liberalization and globalization policies, the investment habits increased among the Indian Citizens.

- **Availability of Tax Incentives**

The investment in securities cannot be made without considering the various provisions of the tax laws. The investor may find that most of his profit has eroded by the payment of taxes. A tax planning, could lead to a substantial increase in the amount of savings. Various tax incentives offered by the Government make this possible. Provisions of Income Tax Act and the Wealth

⁴ Investors Lose faith in the capital Market, Indian Express dated 22.10.98

Tax Act are important to an investor in planning investments. According to the Income Tax Act, the gross total income of an individual is computed in the following heads.

- a) Income from salaries
- b) Income from house property
- c) Profits and gains of business or profession
- d) Capital gains
- e) Income from other sources

The incidence of Income Tax depends on the residential status of an individual. Income by way of Interest, premium, issued by the Central government is exempt from income tax. There are so many exemptions and deductions available to the investors under Income Tax Act, and Wealth Tax Act.

- **Tendency of People for Investment**

The emerging economic environment of competitive markets, signifying customer sovereignty has profound implications for the savings investment market in India. The household sector share is overwhelmingly large in the country's savings, after implementation of government policies since 1991. Household savings constitute around 82 per cent of India's gross domestic savings. Approximately half of this takes the form of financial savings. Rapid changes are occurring all over the financial landscape as a result of financial liberalization.

- **Investment opportunities**

There are various schemes available to the investors which are offered by the Government of India, Public Sector financial institutions, Public Limited Companies, Public Sector Enterprises and other Institutions. Most of these investment opportunities are absolutely safe but yield low returns. But in some

schemes, the overall returns increase as they also provide various tax benefits. The following are the best investment opportunities available to Indian investors.

1. Investment in Post Office savings bank
2. Schemes offered by Unit Trust of India
3. Schemes offered by Development Banks
4. Schemes offered by Public Sector undertakings.
5. Schemes offered by Mutual Funds(Private and Public Sector)
6. Schemes offered by LIC, GIC.
7. Investment Opportunities in Public Limited Companies.
8. Investment in immovable property.
9. Investment in gold, bullion and antiques.

- **Increase in Investment Related Information**

The investors now have better information of market conditions to reap more benefit. For taking a right investment decision, investors generally need to know the best sources of information. The best sources of information to the intelligent investor are Financial Satellite Channels, Global Affairs, National Economic Affairs Association, Company Information quotations and publications.

When the analysis passes from the stage of description to the higher stage of security selection, the investor's frame of reference widens. The Investment activity now considers not only securities, but security holders as well. The power of selection or rejection of an investment depends upon the forces that will meet the requirements of the mass of investors who make up market. The key to successful investing involves examination and analysis of three chronological segments of the business operations Past Performance, present condition and future prospects.

3.7. Stages/Process of Investment

1. Investment Policy

The first stage determines and involves personal financial affairs and objective before making an investment. It is also called preparation of the investment policy stage. The investor has to see that he should be able to create an emergency fund, an element of liquidity and quick convertibility of securities into cash. This stage may be appropriate for identifying investment assets and considering the various features of investments.

2. Investment Analysis

When an individual has arranged a logical order of the types of investments that he requires on his portfolio, the next step is to analyze the securities available for investment. He must make a comparative analysis of the type of industry, kind of security and risk associated. The primary concerns at this stage would be to form a belief regarding future behaviours or prices and stocks, the expected return and associated risk.

3. Valuation of Securities

The next important stage is valuation of securities. In this stage, the investors have to bear in mind the value of the investments. An appropriate set of weights have to be applied with the use of forecasted benefits to estimate the value of the investment assets. Comparisons of the value with the current market price of the assets allow a determination of the relative attractiveness of the assets. Each asset must be valued on its individual merit. Finally, the portfolio should be constructed.

4. Portfolio Construction

Portfolio construction requires knowledge of the different aspects of securities. This stage consists of safety and growth of principal, liquidity of assets after taking into account the stage involving investment timing, selection of investment, allocation of saving to different investments and feedback of portfolio⁵

3.8. Motivational Factors for Investment

The following are the factors which motivate women entrepreneurs to make investment in various channels.

- Security for future
- Children's education
- Daughter / Son's marriage
- Tax concession / planning
- Resale purpose
- Capital appreciation
- Stable and regular income
- Old age provision
- Encouragement from friends and relatives
- Prestige issue
- Future expansion of business

Now –a- days investors are forced to operate in an environment of stress and strain. They cannot act, off handedly. The process of taking a right investment decision has become a crucial point to almost all investors. Since the external environment is made more complex, investors find it difficult to match their objectives with the instrument or institution with which they have to part with their valuable savings.

⁵ Ibid ; preeti singh,2006, p12

3.9 Investment Avenues

Many types of investment media or channels for making investments are available. A sound investment programme can be constructed if the investor familiarizes himself with the various alternative investments available. Investment media are of several kinds; some are simple and direct, others present complex problems. Some are familiar, others are relatively new and unidentified. Some investments are appropriate for one type of investor and another may be suitable to another person.

The ultimate objective of the investor is to derive a variety of investments that meet the preference for risk and expected return. The investor will select the portfolio which will maximize his utility. From this broad spectrum, the investor will have to select those securities that maximize his utility. The investor in other words, has a optimization problem. He has to choose the securities which will maximize his expected returns subject to certain considerations. The investment decision is an optimization problem but the objective function varies from investor to investor. It is not only the construction of a portfolio that will promise the highest expected return but it is the satisfaction of the need of the investor. For instance, one investor may face a situation when he requires extreme liquidity. He may also want safety of securities. Therefore, he will have to choose a security with low returns. Another investor would not mind high risk because he does not have financial problems but he would like to have high return. Such an investor can put his savings in growth shares as he is willing to accept risk. Another important consideration is the temperament and psychology of the investor. Some investors are temperamentally suited to take risks; there are others who are not willing to invest in risky securities even if the return is high. One investor may prefer safe government bonds whereas another may be willing to invest in blue chip equity shares of company⁶. The investment alternatives are:

⁶ Op.cit; preeti singh, 2006, p7

3.9.1. Gold

Gold is one of the most valuable assets in any economy. Gold may be called a hedge against inflation. Gold is important in recent years because of rise in prices due to inflation. It has been used more for speculation rather than for a long term investment and for quick profits. A recent study by Financial Magazines Business World (20 May 2002) stated that “ While investors around the world are listlessly wandering around equities, bonds and deposits mining for the next best things, gold has given 20 per cent return over the last one year, a performance second only to that of gilt funds”. There is a universal truth to remember :

- Investment in gold results in long term capital appreciation
- Gold is a natural portfolio diversifier
- No other investment option matches the versatile qualities of gold
- It is an asset of last resort
- It is a store of value.

Of the entire world’s precious metals, only gold combines lustrous beauty, easy workability, rarity and virtual indestructibility, and can be depended on forever. There is no other metal or precious stone that can combine these qualities. Gold may be invested in the form of gold coins, gold bars and gold jewels.

- **Silver**

Silver is sold in the form of weight by kilograms in India. Silver like gold, has been a hedge during inflation. Silver may be owned in the form of coins, utensils, glasses, bowls, plates, trays or jewels. Though women feel it is worth to invest in gold and silver, men argue that they earn no income and they are kept and admired, while selling value decreases by means of depreciation.

- **Coins and Stamp collection**

An investor may collect stamps and coins as an investment. Old coins have an antique value and can be sold for high price. Old stamps also increase in value. But from the investor's point of view, coins and stamps should be collected only after careful understanding of the subject and by seeking professional guidance because they are risky investments and the value increases only after holding them for a large number of years.

- **Diamonds**

Since the price of diamonds keeps on increasing in the same way as the price of gold, they have good investment value. The price of diamond increases as the diamond carat becomes higher. It is an extremely risky form of investment because to a large extent the value of diamond is based on judgment. Investment in diamonds should be done only through professional advice.

- **Antiques**

For antiques, demand is more and supply is very rare as this increase its value. The longer the time of holding this investment the greater the value of the asset. Antique may be in the form of paintings, coins, stamps, flower vases, watches or cars and professional advice can give the investor a good return.

3.9.2. Bank Deposits

Deposits with commercial banks are the most popular form of investment media. The various commercial bank deposit schemes are tailored to suit the needs of the depositors. By various combinations of demand, term and recurring deposits, banks have brought spectrum of deposit schemes. Bank deposits are very popular due to their safe character. Besides, the RBI also exercises a strict surveillance over the banking system, which also ensures safety to deposits. Different types of deposits offered by banks are discussed as under:

a. Savings Bank Accounts

The most liquid form of investment is the maintenance of a savings bank account. This account is ideal for people who wish to save a part of their current earnings. The deposits may be made at any time after opening a account in the bank. If a cheque book facility is required, a minimum deposit has to be maintained. The number of withdrawals is usually restricted per quarter. In these accounts, instructions can be issued to banks to pay life insurance premium, rents, fees, etc. Savings bank account inculcates the savings habit and offers liquidity. These are the most suited savings medium to individuals like salaried people, housewives, students, professionals and institutions which are engaged in non-trading activities.

b. Current Accounts

For ready liquidity, business houses keep a current account, which permits unlimited withdrawals. Current account does not carry interest but has other facilities like overdrafts and collection of instruments which are duly endorsed. It is a convenient inexpensive and prestigious account for a business organization and can best be described as “Interest free deposits” carrying some benefits.

c. Recurring Deposits

Recurring deposits is a method by which an investor may at regular intervals deposit a fixed sum of money in a bank. This amount is to be paid for a stated number of years at the termination of which the investor receives the principal sum with interest. This account helps salaried class people who are unable to save a bulk sum at a stretch. Any amount starting from Rs. 5/- and multiples of Rs. 5/- can be deposited for a period ranging from 12 months to 120 months in monthly instalments. At the end of the period, the money could be used for purchasing a consumer item or providing for old age or for any other purpose.

d. Fixed Deposits

For safe and intact investment with high yield, this scheme is ideal. Interest is compounded every quarter of the year on the amount deposited. The importance of fixed deposits is understood from the following points:

1. Bank deposits enjoy exceptionally high liquidity.
2. Loans can be raised against bank deposits.

3.9.3. Mutual Fund Schemes

A Mutual fund is a type of financial intermediary which performs a basic function of buying and selling securities on behalf of its unit holders, which the latter can also perform but not as easily, conveniently, economically and profitably. Mutual fund collects the savings of the investors and invests them in a large and well-diversified portfolio of securities such as money market instruments, corporate bonds and equity shares of Joint Stock Company. Mutual fund is a pool of funds invested by different investors, who have no contact with each other. Mutual funds are conceived as institutions for providing small investors with avenues of investment in capital market.

Since small investors generally do not have adequate time, knowledge, experience and resources for directly assessing the capital market, they have to rely on an intermediary, which undertakes informed investment decisions and provides the consequential benefits of professional expertise. The Mutual fund industry in India is a major constituent in the Indian Financial System today. It has the existence of hardly 40 years so far. In this short period, it grew fast and also suffered from an equally fast decline. The year 2003 witnessed a turnaround in mutual funds. The impulses behind the turnaround have been the mergers and acquisition in mutual fund industry, restructuring of UTI and launching of new schemes.

Commercial banks in India have also started mutual fund schemes. The first bank to take this step was State Bank of India in 1987. It first launched Magnum Regular Income Scheme 1987, which was opened for public subscription on 30th November 1987. This share was issued to collect resources from rural and semi-urban areas. Magnum certificates carry a buy back facility and thus it has easy liquidity.

Canara Bank was the next commercial bank to offer mutual fund schemes. It offered two schemes, namely Can Stock Scheme and Can Share Scheme with a buy back facility after one year.

Indian Bank opened two schemes Swarna Pushpa and Ind Ratna. These schemes offer 75 per cent loan facility on face value with a buy back facility after one year. Since 1990, a large number of new mutual funds have begun to operate. The tax benefits under these schemes are under Section 80L of the Income Tax Act and Section 5 of Wealth Tax Act. The presence of such a wide variety of securities available in the market gives the investor a choice to make his/her investment⁷.

3.9.4. Post Office Savings Schemes

a. Post Office Savings Account

Post office savings accounts are generally like the commercial bank schemes. Withdrawal from the post office savings bank account is by cheques and there is no restriction on withdrawals. Accounts having minimum balance of Rs.200/- during April – September and October – March qualify for six monthly prize draws in the next January and July. The interest is tax free and is ½ per cent more than that offered on savings account by commercial banks.

⁷ Op.cit; preeti singh, 2006, p 209.

b. Post Office Recurring Deposit

The scheme covers free life insurance cover after receiving contributions for 24 months an account of denomination of Rs. 5, Rs.10, 15 and Rs. 20. In the event of death of the depositor after a minimum period of two years, from the date of opening the account, the nominee will get the full maturity value of the account provided, the depositor's age was between 8 and 53 years and there have been no withdrawals or defaults during the first two years and the account remains current at the time of death. The benefit of cover is not available for an extended period of deposit beyond five years.

c. Twelve Years National Savings Annuity Certificates

This provides for a retirement plan. The rate of interest is the same as in NSC 11 issue, though the manner of payment of interest is different. The annuity certificates are available only in higher denominations of Rs. 3200 and Rs.6400. The deposit amount can be made either in lump sum or in periodic instalments, spread over a period of two years. From the 61st month onwards, the depositor starts receiving a monthly annuity for seven years, at the end of which the holder gets Rs. 4320 and Rs. 8640 respectively.

d. Public Provident Fund

This scheme was introduced on July 1, 1968. This scheme benefits the self-employed individuals who do not have the facility to save through provident fund contributions. Even salaried employees are allowed to contribute to this scheme in addition to the contributions made to their respective establishments. Due to tax concessions, it has found immense appeal among the salaried class, especially in the high tax brackets. It is a fifteen years scheme requiring sixteen contributions. The minimum contribution is Rs.500/- and maximum is Rs 70,000/- in every financial year. Withdrawals are permitted only after 5th year onwards, subject to one withdrawal per year. The interest earned on PPF account is completely tax-

free; the amount invested in PPF is inclusive of those in the name of dependent wife and children and qualify for tax rebate under section 80 of the Income Tax Act. Investment in PPF is also not subject to wealth tax.

e. National Savings Certificate (VIII) Issue

These certificates are available in denominations of Rs. 100, Rs. 500 Rs. 1000, Rs.5000 and Rs. 10,000. The interest on it is compounded half-yearly. The term of deposit is 6 years and premature encashment is generally not possible. The amount invested in this scheme qualifies for tax rebate of 20 per cent up to a maximum of Rs. 50,000. The interest accrued is exempt from tax upto Rs.7000 under sec. 88 and is paid back at the time of maturity.

f. Indira Vikas Patras

These instruments are available at post offices and can be purchased by any person. Minimum investment in Indira Vikas Patras is Rs. 100/- and there is no maximum limit. These are available in the maturity denominations of Rs. 200, 500, 1000, and Rs. 5000 and the investor has to pay half of the face value. The initial amount is doubled in 5 years and these patras cannot be encashed premature. The interest on Indira Vikas Patras is compounded annually, is payable on maturity only and is taxable. These instruments are like bearer bonds and hence have to be carefully preserved. These were discontinued in the year 2000.

g. Kisan Vikas patras

These instruments are available at post offices and can be obtained in denominations of Rs. 1000/- , Rs. 5000/-, and Rs. 10,000/-. The maturity period here is 5 ½ years but premature encashment is possible. The interest payable on Kisan Vikas Patras is compounded annually but is taxable. This has nomination facility but is not transferable.

h. Years Social Security Certificates

These certificates can be purchased by persons in the age group of 18-45 years. The minimum investment amount is Rs. 500. The maturity period of these instruments 10 years and the rate of interest is 11.3 per cent per annum⁸.

3.9.5. Fixed Deposit Schemes in Companies

Another type of investment is the fixed deposit investment schemes offered by various companies. These schemes are generally offered by public limited companies in the private sector. Deposits may be cumulative or non-cumulative. These fixed deposit schemes are offered through newspaper advertisements and are subject to the provision of the company rules of 1975. These are offered to the public as well as existing shareholders and employees. The investor can apply for these schemes on the company's prescribed application form. It has the advantage of being a deposit for a short-term and offers a higher interest than the commercial banks.

3.9.6. Government Securities

Government securities in India have a larger market than the industrial securities but it is not so well known to the investors of the economy. Promissory notes and stock certificates are the major Government securities found in the investment area.

3.9.7. Unit Schemes of Unit Trust of India

Units as a form of investment are issued by the Unit Trust of India which is a public sector financial institution. The unit trust of India has the objectives of mobilizing savings from the household sector and re-investing these funds into different investment outlets. Investment in units enjoys tax benefits. Units can be encashed easily, are transferable and can be offered as security for loans from banks.⁹

⁸ A.V. Avadhani, Investment Management Himalaya Publishing House, New Delhi, 2009, pp.57,58

⁹Ibit; Preeti Singh, 2006, p.200

3.9.8. Shares

A joint stock company divides its capital into units of equal denomination. Each unit is called a share. These shares are offered for sale to raise capital. A person who buys shares of the company is called a shareholder and by acquiring shares in the company he/she becomes one of the owners of the company. Thus, a share is an indivisible unit of capital. It expresses the proprietary relationship between the company and the shareholders. A shareholder, as an investor of the company is entitled to a portion of the company's profits or losses to the extent of his holding in the form of dividend. For investment purpose, the investors prefer blue chip shares. They are shares of established, profitable dividend paying companies. They are safe investments with reasonable certainty of regular dividends and long term growth.

Role of Banks

Banks are doing on-line trading on behalf of their customers. Banks are involved in merchant banking and also help their customers to acquire the shares according to the individual limits. The shares will be registered in the name of the individuals, when the loan arisen from the bank is liquidated. All the functions are done in electronic form.

Why investment in shares

Investment in shares has a aura of speculation and buccaneering of large fortunes made and lost. Although there is an element of risk in investing in shares, there are several reasons for considering this avenue of investment.

1. One does not require a lot of capital to purchase shares.
2. No other investment has the potential of growth as do shares and if purchased at the right time, they can yield impressive and incredible returns.
3. Investments in shares are extremely liquid.

4. The Government has recognized the fact that to industrialize the nation, it is important to channelise the investment and savings of industry corporate sector and several tax benefits are given for investment in shares.
5. Several banks and financial institutions lend money to individuals on pledging shares as collateral security.

3.9.9. Real Estate

Investment in real estate is a booming business now-a-days. In many areas, real estate has been doubling every year especially in the major metropolitan cities.

Factors contributing for the increase in the value are

- a) Movement of population from villages to cities.
- b) Growth in population resulting in demand outstripping supply.

It is advisable to invest in a land properly as early as possible; otherwise the time may come when properties may be beyond one's reach. The investment in real estate may be classified as investment in apartments, residential property, farm houses, agricultural land, semi-urban land, time share in holiday resorts.

3.9.10. Life Insurance Policies

Life insurance is a contract between a person and an insurance company for a number of years covering either the life time period or a fixed number of years. In India, life is protected by a monolithic institution called the Life Insurance Corporation of India (LIC). Life insurance is called an investment because of a number of reasons.

- a) It provides protection against risk of early death
- b) It can be used as a collateral for taking loans from banks
- c) Life of key man in an association can be protected

- d) It provides tax advantages
- e) It is measure of protection at the time of death because it gives provision for estate duty
- f) It is a sum of money received at the end of particular number of years.

Life Insurance is therefore, called an investment with an element of Protection and an element of investment¹⁰.

3.10. Women Entrepreneurs

The word “Entrepreneur” is derived from the French word **Entreprendre** which means a person who undertakes the task of bringing together various resources and manages them to achieve desired results and takes some share. Entrepreneur is a highly respected word in the developed world. She is an important change agent in every society. She bridges the gap between plan and reality¹¹.

The Webster Dictionary defines the term Entrepreneur as “one who organizes manages and assumes the risks of a business or enterprise”¹². Peter Drucker defines an Entrepreneur as “one who always searches for change, responds to it and exploits it as an opportunity”. Entrepreneurs have to learn to practice systematic innovation¹³. According to Francis A. Walker, an Entrepreneur is “one who is endowed with more than average capacities in the task of organizing and co-ordinating the various other factors of production¹⁴”

¹⁰ Op.cit; preeti singh, 2006, p.187

¹¹ Medha Debhashe Vinze, Women Entrepreneurs in India, Mittal Publication, New Delhi, 1987

¹² Rajeev Roy, Entrepreneurship, Oxford University Press, New Delhi, 2008, p.2

¹³ Saravanavel.P., Entrepreneurial Development Ess. Ree, Kay Publishing house, Madras, 1987, p.5

¹⁴ Madhurima Lall , Shikha Sahai, Entrepreneurship Excel Books, New Delhi, 2008, p.9

To an economist, an Entrepreneur is one who brings resources, labour, materials and other assets into combinations that make their value greater than before, and also one who introduces changes, innovations and a new order. To a businessman, an Entrepreneur appears as a threat, an aggressive competitor, whereas to another businessman, the same entrepreneur may be an ally, a source of supply, a customer or someone who creates wealth for others, as well as finds better ways to utilize resources, reduce waste, and produce jobs others are glad to get.

An entrepreneur is a dynamic agent of changes or catalyst who transforms the physical, natural and human resources into corresponding production possibilities. She is the key person who envisages new opportunities new techniques, new lines of production, new products and co-ordinates all other activities. Basically an Entrepreneur is a person who is responsible for setting up a business or an enterprise and strives to maximize profits by adopting innovations.

A potential entrepreneur is motivated by one or more forces like one's own personality, work experience gained, which makes possible the identification of manufacturing opportunity, a family background of business knowledge and facilities offered by the Government. A proper environment is necessary along with the other infrastructure facilities for the growth of Entrepreneurship. Risk-taking and putting up with uncertainty are essential functions of entrepreneurship.

Entrepreneurship plays an imperative role in the growth of any society, Development of entrepreneurship culture and qualitative business development services are the major requirements for individual growth. Entrepreneurship emerges from an individual's creative spirit into long-term business ownership, employment creation, capital formation and economic security. Entrepreneurial skills are essential for industrialization and for alleviation of mass employment and poverty.

Entrepreneurship can be either inborn or achieved. A flair for innovation is not a necessary pre- requisite for Entrepreneurship, especially in the small- scale sector. But modern small – scale industry marked by a certain level of technology and sophistication offers good scope to what may be called a modern Entrepreneur. A modified Entrepreneur should have one or more of the skills like technical knowledge of the product, managerial ability, marketing ability, the capacity to command and adequate financial resources¹⁵.

Women in general are socially backward, economically dependent and politically not conscious enough. Thus the women carried a sense of being at a disadvantageous position, born as a girl in the family; they carried many unresolved feelings. The being of a women had been mortgaged to traditional culture, while her becoming had been mortgaged to the wishes of her husband/family.

Since there is a change in the trend now, it is realized that women have to play their role in the economic mainstream of the country. The reason for this change is the increase in the number of educated women and their desire for economic independence. Women are engaged in non-traditional activities which were one time regarded as men's domain. These activities related to ready-made garments, printing, furniture, utensils, tailoring and electronic goods.

In olden days entrepreneurial world in India is mainly a man's world. Recent emphasis is that women can also contribute towards the economy of the nation. Women have some strong desirable qualities relevant to entrepreneurship such as their ability to manage, dedication to the work they take up, tolerance and kindness towards people. In today's world women have not only established themselves in jobs, but have also emerged successful as professional. Considering

¹⁵ Ibid; saravanel.P, 1987, p.7

this, they should enter the fiercely competitive business and industrial field where achieving success is an arduous task.

3.10.1 Women as Entrepreneurs

Women as entrepreneurs are now successfully gaining importance in men's world because of their economic independence combined with the challenge of doing something on their own and the encouragement they get from the members of their family. Their involvement in business, their aggressive nature, patience, humanity and gentleness, compared to those of men under similar conditions, make women sound personnel managers in both outside and inside homes.

Women entrepreneurs always display an innate capacity to calculate and shoulder risks, with a problem – solving approach, they have a very high degree of achievement motivation and women also do not tag behind men in projecting a positive image of their talents and achievements. The other characteristics of women entrepreneurs can be listed as ability to think independently, imagination and creative activity, easy adaptability to any change at home or elsewhere and resilience and the ability to cope with setbacks.

Women entrepreneurs represent a group of women who have broken away from the beaten track and are exploring new avenues of economic participation. Today women entrepreneurs are in non-traditional fields as leading doctors, consultants, distributors, exporters, manufacturers of electric goods, publishers, designers, and interior decorators. Small units are run for the manufacture of ready-made garments, handicrafts, textile printing, toys and dolls, plastics, processing and preservation of fruits by enterprising ladies.

Women entrepreneurs are no more confined to manufacturing 3P's namely pickle, powder and papad but are venturing into modern technological field of

3E's namely energy, electricity and electronics which is very heartening to see and speak for the brighter future of women entrepreneurs¹⁶.

When woman moves forward, the family moves, the village moves and the nation moves, these words of Pandit Jawaharlal Nehru are often repeated because it is an accepted fact that only when women are in the mainstream of progress any economic development can be meaningful¹⁷. Thus an entrepreneur is a person who organizes, manages and controls the affairs of a business unit that combines the factors of production from supply and services.

During 1970's the decade of the International Women's Year, efforts to promote self-employment among women received greater attention from the government and private agencies. The New Industrial Policy of the Government of India has laid special emphasis on the need for conducting special entrepreneurial training programmes for women to enable them to start their own ventures. Financial institutions and banks have also set special cells to assist women entrepreneurs.

The five year plans have consistently placed special emphasis to improve the conditions of women and integrate them in economic development process. National and International women associations are also setup with a purpose to create a congenial environment for developing women entrepreneurship in rural and urban areas.

In a nutshell, entrepreneurship involves a whole range of aptitudes and capabilities of an enterprising person like capacity to bear risks, forecast prospects of an enterprise, organize various functions of production, manage various affairs

¹⁶ Ibid; saravanel.P, 1987, p.171

¹⁷ Opcit; saravanel.P, 1987, p.87

of the business, and to innovate or imitate new things, confidence and competence to meet unforeseen and adverse situations.

3.10.2. Characteristics of Successful Women Entrepreneurs

- **Drive and energy**

Entrepreneurs have a tremendous amount of personal energy and drive. They possess the capacity to work for longer hours for several days with less than a normal amount of sleep. Many researchers have proved drive and energy as the characteristics desired by Entrepreneurs and frequently observed in successful entrepreneurs.

- **Self Confidence**

Successful entrepreneurs have a high level of self- confidence. They tend to believe strongly in themselves and their ability to achieve the goals they set. They also believe that events in their lives are mainly self determined and that they have a major influence on their personal destinies and have little belief in fate.

- **Long term Involvement**

Entrepreneurs who create high potential ventures are driven to build a business rather than simply get in and out in a hurry with someone else's money. They make a commitment to a long-term project and to working towards goals that they may be quite distant in the future.

- **Money as a Measure**

Money has a very special meaning for the successful entrepreneur profits, capital gains and net worth are seen as measures of how well the entrepreneur is doing in pursuit of self established goals.

- **Persistent problem solving**

Entrepreneurs who successfully build new enterprises possess an intense level of determination and desire to overcome hurdles, solve problems and complete the jobs. They are not intimidated by difficult situations. In fact, their self-confidence and general optimism seem to translate into a view that the impossible just takes a little longer.

- **Goal Setting**

Entrepreneurs are goal oriented. They have the ability and commitment to set clear goals for themselves. These goals tend to be high and challenging but they are realistic and attainable. Entrepreneurs are doers; they are goal and action oriented. According to psychologists, they are motivated by a high need for achievement. They also have a great concern for time. Hence having clean measurable goals is an effective way for entrepreneurs to set priorities.

- **Statement of Feedback**

Entrepreneurs as high achievers are very much concerned about their performance especially about doing well. If there is no feedback about performance, the entrepreneur cannot know how well or poorly they are doing. Successful entrepreneurs demonstrate a capacity to seek and use feedback on their performance in order to take connective action and improve.

- **Dealing of Resources**

Several studies have emerged in recent years which show that successful entrepreneurs know when and how to seek outside as well as inside help in building their companies. Successful entrepreneurs seek expertise and assistance that is needed in the accomplishment of their goals. The willingness to seek and utilize outside resources is one key characteristic which distinguishes the high-potential entrepreneurs.

- **Tolerance of Ambiguity and Uncertainty**

Entrepreneurs have long been viewed as having a special tolerance for ambiguous situations and for making decisions under conditions of uncertainty. The successful women entrepreneurs are highly energetic, independent, self-confident, competitive and goal oriented. They are usually generalists rather than specialists and are more flexible than rigid. These characteristics of women entrepreneurs refute the common opinion that women are strongly dependent and passive.

- **Technical Knowledge**

Technological change is the prime mover in the process of economic growth. Inventions and innovations have led the process of development in the world. In developing countries the search for and application of new technology should be the prime goal of good entrepreneurs. Their success depends largely upon their ability to devise and use new and better ways of producing and marketing goods and services.

- **Willingness to Change**

A good entrepreneur is one who is interested in changing the pattern of production to suit the available resources, market conditions, and quality of output. He should be able to take initiative and to adapt to changing conditions. He should have the capacity to explore new demand which occurs with the growth of industry and rise in per capita income.

- **Changing the Pattern of Production**

An entrepreneur should have a keen desire to initiate and accept change. He is expected to discover new combinations involving new products, new methods of production, development of new market and utilization of new source of productive factors and a new form of organization.

- **Ability to Select, Train and Develop Persons**

He must be able to select, train and develop persons who can properly manage and control the labour force. He should have the capacity to pick and choose the right person and to wisely delegate authority

3.10.3. Status of Women Entrepreneurs

The status of women in Indian has been changing due to growing industrialization and urbanization, spatial mobility and social legislation. Over the years, more women are going in for higher education, technical and professional education and their proportion in the labour force has increased.

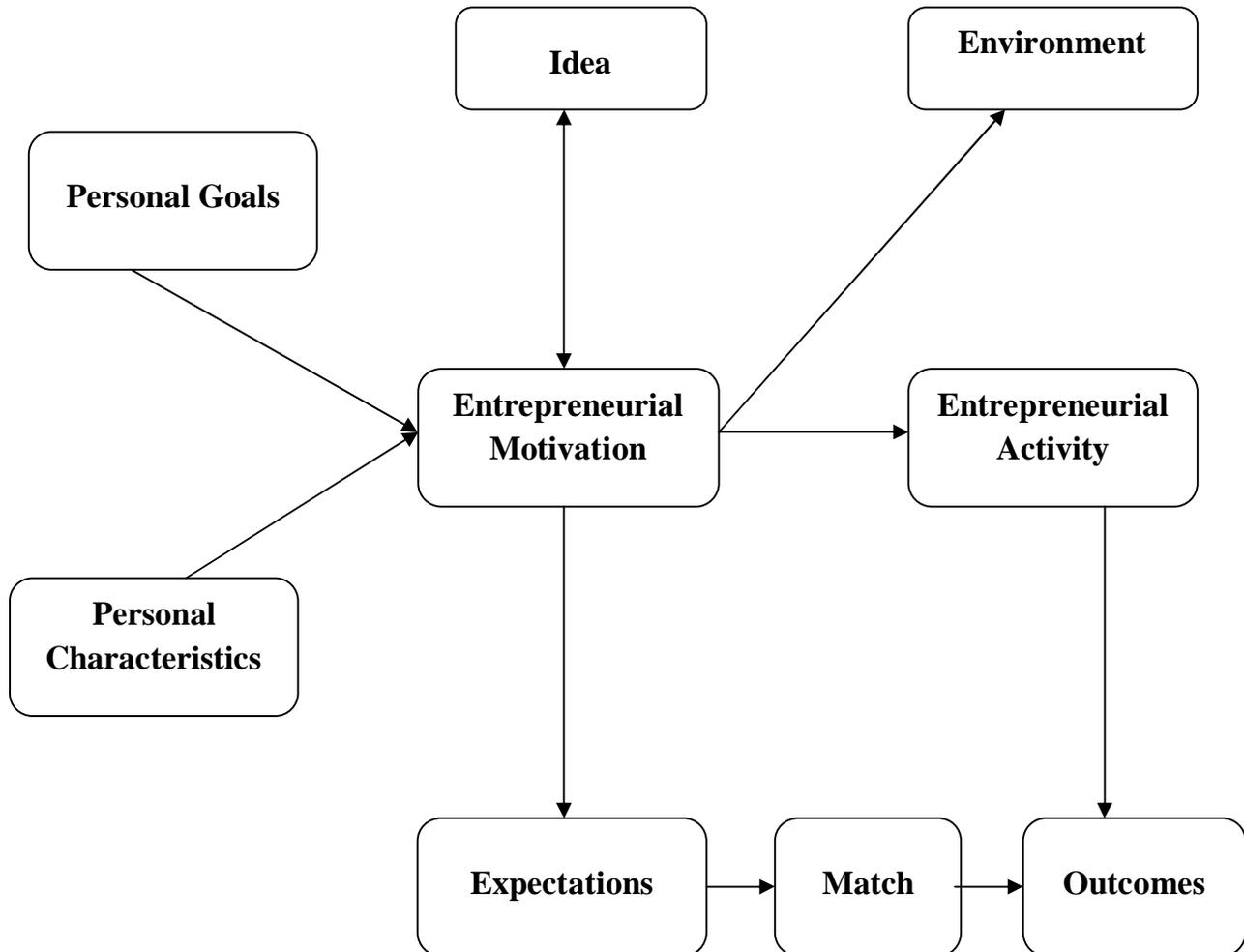
With the spread of education and awareness, women have shifted from the extended kitchen, handicrafts and traditional cottage industries to non-traditional and higher levels of activities. During the 1970's the decade of the International women's Year, efforts to promote self employment among women received greater attention from government and private agencies. The new industrial policy of the Government of India has laid special emphasis on the need for conducting special entrepreneurial training programmes for women to enable them to start their own ventures.

Financial institutions and banks have also set up special cells to assist women entrepreneurs. The result has been emergence of women entrepreneurs on the economic scene in recent years, though the number of enterprises initiated by women is still quite low. Women's entrepreneurship remains a much-neglected field.

Almost half of the population of our country comprises of women while business owned and operated by them constitute less than 5 per cent. In fact, women's contribution and participation in economic activity and production of

goods and services are much greater than statistics reveal, since much of it takes place in unorganized sectors and also in households.

3.11. A MODEL FOR ENTREPRENEURIAL MOTIVATION



3.12 Factors Responsible for Emergence of Entrepreneurship

An individual's decision to pursue an entrepreneurial career is dependent on various factors. They are

1. Background Factors

a. Education, Training and Experience

The type of education, training and experience an individual has acquired, influences his choice of setting up an enterprise. Technically qualified persons normally set up their ventures in the field of their specialization, mainly because working in one's area of specialization provides confidence and reduces the uncertainty associated with the new venture.

b. Family, role models and association with similar type of individuals

If an individual has a supportive family, has role models who have been successful or in association with the same or similar type of business activity, the individual is engaged in, they add vigour to his desire to set up a new venture.

c. Financial Conditions

Both adverse and supporting financial conditions can motivate an individual to set up a new venture. When an individual is unemployed or is not able to support his family demands, or if he has surplus funds, he may start looking for a new business venture where he can put in his time/money to achieve success and thus fulfill his demands.

2. Motivational Factors

a. Need of Achievement

This has been identified as the most important reason for entrepreneurial motivation by various researchers. The need for achievement means the drive to achieve a goal. Entrepreneurs have a compelling drive to succeed. They strive for

personal achievement rather than reward. They have the desire to do something better or more efficiently than it has been done before.

b. Personal Motives/Expectations

This has been found to be one of the crucial factors responsible for entrepreneurship among individuals. These individuals have an internal focus of control. They consider themselves responsible for their growth and development.

c. Business Environment

Supportive business environment like low rate of competition, high profit margins, good economic conditions of the region, high demand – all contribute towards motivating an individual to set up a new venture.

3. Economical Factors

a. Supportive government policies

From time to time, the Government keeps formulating policies and programmes to promote entrepreneurs in different fields. Tax holidays, are such a policy measure. These policies and procedures go a long way towards catalyzing the entrepreneurial motivation.

b. Availability of financial assistance from various funding bodies

An entrepreneur need funds to set up a business and many may not be having the required funds to support the requirements of the business set up. In such situation he/she can obtain assistance from financial institutions. Hence the financial institutions can facilitate the setting up of a new venture by easing out the disbursement of funds to them.

c. Ancillary support

Ancillary support from suppliers, distributors, retailers and even bigger units can act as a great encouragement to budding entrepreneurs.

d. Availability of technical factors like premises, electricity and labour

Feasibility with which factors of production are available to the entrepreneurs will facilitate/obstruct an entrepreneur in making the final decision of setting up a business venture and even in the success of business.

4. Reward

a. Recognition

Since the success of a business is usually proportionate to the efforts put in by the entrepreneur, setting up of new ventures gives an entrepreneur an individuality, the outcome of which is highly dependent on him. Since the success of an enterprise is associated with the efforts and success of an entrepreneur he/she gets enough recognition to enhance his/her self-esteem.

b. Social Status

Entrepreneurship is the way to get large profit margins which a salaried employee cannot even think of. Hence, if the business runs successfully, it automatically raises the social status of an individual. Moreover, the idea of being responsible for one's fate, employing a number of individuals, taking importance decisions, all go a long way in bestowing a higher social status upon an individual.

3.13 Suggestions for Promoting Women Entrepreneurship

- Education is a must to inculcate the spirit of equality in women.
- Women must be encouraged to actively participate in debates/seminars/conferences and should be informed that there is no shortcut to success; particularly the entrepreneurial path requires sacrifice, diligence and devotion.
- Inclusion of entrepreneurship development as a compulsory subject in the school curriculum itself. Guidance and counseling cells in Universities and Colleges also need to be established for educating women about the benefits of an entrepreneurial career.

- Training centres should provide training to prospective women entrepreneurs free of cost and entrepreneurial development programmes should be much more practical-oriented.
- Inculcation of self-confidence among women so that they can run a business.
- Potential women entrepreneurs should be exposed to different types of emerging opportunities.
- More attractive schemes encouraging existing ones should be launched for women entrepreneurs and these schemes should be properly advertised
- Finance should be made available to women entrepreneurs at concessional rates of interest.
- Sales outlets should be created for products manufactured by women entrepreneurs like regulated markets for agricultural goods.
- Permission should be granted to women entrepreneurs to run their enterprises from home especially the non-polluting enterprises.
- Parents should be advised to prefer spending money on setting up of a business instead of heavy spending on the marriage of their daughters.
- Women must be motivated to do something productive instead of wasting their time in kitty parties and other social gatherings through organized women wings.
- Women should prefer setting up home-based business.
- Full co-operation of family members and less burden of household work will prove to be immensely useful.
- Legislations aimed at safeguarding women against discriminatory practices should be properly implemented.
- Government should promote more competent agencies to improve the credit delivery system to enable women entrepreneurs to avail the required capital.

- Different strategies must be introduced to inculcate marketing skills in women entrepreneurs and enable them to sell their products easily in the market.
- Co-operative societies should be established to assist women entrepreneurs to sell their products.
- An effort should be made to provide raw materials to women entrepreneurs on priority basis at low rates.
- Programmes should be started to make them aware of the new technologies so that they can avail maximum benefits from them.

3.14. Problems of Women Entrepreneurs

The growth in women entrepreneurship is being haunted by a number of difficulties and problems. In a traditional society, women have been trained to listen, obey and leave decisions to men in the family. Family environment is not generally helpful; women entrepreneurs have to take time off from their household duties. It is also difficult to find men prepared to work under women. The women entrepreneurs, like male entrepreneurs suffer from a number of problems at the pre-investment stage, investment stage and post-investment stage. The problems faced by the women entrepreneurs are:

- **Financial Constraints**

Women entrepreneurs lack access to external funds due to their inability to provide tangible security. Banks have also taken a negative attitude while providing finance to women entrepreneurs. The result is, women entrepreneurs are forced to rely on their own savings and loans from family and friends.

- **Over-Dependence on Intermediaries**

Women entrepreneurs are most often dependent on intermediaries who pocket a major part of the profits. The margin of profit is more which causes

women to fix higher selling price, which affects consumer's attraction towards women's products.

- **Scarcity of Raw Materials**

Shortage of raw materials and other necessary inputs have sounded the death knell of many enterprises run by women. On the one hand the prices of raw materials are very high and on the other they are unable to get these raw materials at the minimum of discounts.

- **Intense Competition**

Women entrepreneurs face stiff competition for their products from organized industries and male entrepreneurs. Moreover, they do not have the organizational setup to pump in a lot of money for advertisements.

- **High Cost of Production**

High cost of production has restricted the development of women enterprises. Government has setup many programmes to assist women entrepreneurs by providing them with subsidies and tax concessions. But the concessions are available only at the initial stage of setting up an enterprise. When it comes to expansion of productive capacity and installation of new machinery, the help is negligible, dissuading many women entrepreneurs from venturing into new areas.

- **Family Ties**

Indian women give more emphasis to family ties and relationships. Married women have to make a fine balance between business and home. The success of the business depends on the support of the family members extended to women entrepreneur in business and management. The interest of the family members is a determinant factor in the realization of women entrepreneurs.

- **Lack of Female Role Models**

Women are also at a disadvantage as there are a few role models in this field. A woman can learn a lot of things from their role models.

- **Low-Level Management Skills**

The women entrepreneurs have to depend on office staff and intermediaries, to get things done, especially, in the marketing and sales side of business. There is more probability for business fallacies like the intermediaries taking major parts of the surplus or profit. Marketing means mobility and confidence in dealing with the external world, both of which women have been discouraged from developing by social conditions. Even, they often depend on males of the family in this area.

- **The Male-Female Competition**

It is another factor, which is a hurdle to women entrepreneurs in the business management process. Women entrepreneurs are good in keeping their service prompt and delivery in time but due to lack of organizational skills women have to face a number of constraints. The confidence to travel across day and night and even different regions and states are less found in women compared to male entrepreneurs. This shows the low level freedom of expression and freedom of mobility of the women entrepreneurs.

- **Knowledge of Alternative Sources of Supply**

Knowledge of alternative sources of raw materials available and high negotiation skills are the basic requirement to run a business. Getting the raw materials from different sources with discount prices is the factor that determines the profit margin. Lack of knowledge of availability of the raw materials and low – level negotiation and bargaining skills are the factors, which affect women entrepreneur's business adventures.

- **Knowledge of Latest Technologies Changes**

Knowledge of latest technological changes, know-how and education level of the person are significant factors that affect business. The literacy rate of women in India is found to be low when compared to male population. Many women in developing nations lack the educations needed to successful entrepreneurship. They are ignorant of new technologies or unskilled in their use and often unable to do research and gain the necessary training.

- **Achievement Motivation**

Achievement motivation of the womenfolk is found to be less compared to male members. The low level of education and confidence leads to low level achievement and advancement motivation among womenfolk to engage in business operations and running a business concern.

- **Balancing Home and Work roles**

Having the major responsibility for managing home and family tasks as well as working full time, places a double burden on women entrepreneurs. Because it takes an abundance of time to do both jobs, Women face exhaustion and stress as they try to balance these responsibilities. This is especially true for women operating home based business

- **Lack of Recognition**

Women are major actors in the global economy. Women's roles as the farmers, traders and informal sector industrials are major and often overlooked.

- **Low Income**

Almost all low income women are economically active. Most are micro entrepreneurs and self employed in the informal sectors. The major economic roles of low income women entrepreneurs and producers are often undervalued and

ignored. If financial systems are to reach low income women entrepreneurs and producers, the delivery systems need to respond to the common characteristics of low income women and their business.

- **Negative Self-Perceptions**

Women view themselves as having personal characteristics that negatively affect their business activities. There is some indication that rural, native and immigrant women be more affected by their perceived personal deficiencies in the population as a whole.

- **Social Barriers**

Social barriers of Indian society have suspicious eyes on women due to caste systems and religious background. Indian women have to play various roles as expected by our Indian family system. If they spend long hours in business, then it is difficult to meet the expectations of family members.

3.15. Remedies for Effective Development of Women Entrepreneurs

Following efforts can be taken into account for effective development of women entrepreneurs

- For all development programmes women should be considered as a specific target group.
- Better educational facilities and schemes should be extended to women from the Government side.
- Adequate training programme on management skills to be provided to women community.
- Encourage women's participation in decision-making
- To understand the production process and production management, vocational training programmes should be given to women community

- Training on professional competence and leadership skills to be extended to women entrepreneurs.
- Training and counseling on a large scale for existing women entrepreneurs to remove psychological factors like lack of self-confidence and fear of success.
- Counseling through the aid of committed NGO's, psychologists, managerial experts and technological personnel should be provided to the existing and emerging women entrepreneurs.
- Government should make arrangements for the marketing the products of the women entrepreneurs
- The financial institutions should provide more working capital assistance both for small scale and large scale ventures.
- To encourage more passive women entrepreneurs, training programmes should be organized to recognize her own psychological needs and express them.
- State Finance Corporations and Financing Institutions should be permitted by statute to extend purely trade related finance to women entrepreneurs.
- To handle the various problems of women entrepreneurs, a women entrepreneur Guidance Cell should be setup all over the state.
- District Industries Centers and single window Agencies should assist women in their trade and business guidance
- Training in entrepreneurial attitude should start at the high school level through well-designed courses, which build confidence through behavioral games.
- More Government schemes should be introduced to motivate women entrepreneurs to engage in small and large scale business ventures.
- Non-Government organizations should be involved in women entrepreneurial training programmes and counseling.
- Programmes for encouraging entrepreneurship among women are to be extended at local level.

- The women entrepreneurs should form themselves into associations, area-wise/industry wise, in order to promote business interests like credit marketing, advertising and such other causes common to them.
- They should experiment and innovate continuously and implement new technologies so as to achieve cost efficiency and competitiveness.
- Short-term courses can be arranged for these entrepreneurs to make them proficient in the areas of working capital management, costing techniques, sales promotion, marketing management etc.
- Special programmes, training, symposiums seminars, workshops, seed capital and incentives for women entrepreneurs, on export based commodities, eco-friendly products, basic IT enabled activities, herbal, forest and health care products and some service industries, will give multiple benefits to both women entrepreneurs as well as the nation.

3.16 Profile of Study Area

A research study is incomplete without analyzing the physical, social and economic characteristics of the study area. A brief understanding of the study area is essential for interpretation of the results. The present study, aims at analyzing how for women entrepreneurs are aware of the various investment options, the factors motivating them to invest in these options, the attitude of the women entrepreneurs for their investment and problems faced by them while investing their savings. Hence, a brief description of the study area is presented below

Location

Coimbatore District lies in the western part of TamilNadu, part of the Kongu Nadu regin. It is bounded by Dindigul District in the South, Kerala State in the West, the Nilgiris in the North and Erode District in the East. It is one among the industrially developed and commercially vibrant districts of Tamil Nadu. It is

an important inland district lying in the North western part of Tamil Nadu. The district has a geographical area of 7469 sq.k.m which is divided into three revenue divisions, nine Taluks, 19 Blocks and 482 Revenue villages.

Climate

Coimbatore has a pleasant salubrious climate not reaching the high temperature of other South Indian cities. Situated in the western part of the state of Tamil Nadu, Coimbatore is located at an elevation of about 398 meters. The mean maximum and minimum temperatures during summer and winter varies between 35°c to 18°c. Due to the presence of the mountains pass, major parts of the district benefit from the South-West monsoon. The average rainfall is around 700 mm with the North East and South West monsoons contributing to 47 to 28 per cent respectively to the total rainfall.

Administration

Coimbatore is a municipal corporation as well as the headquarters of the Coimbatore district. The city is divided into four administrative zones East, West, North and South each further subdivided into 18 wards. Each ward is represented by a councilor who is elected by direct election. The 72 councilors in turn elect the Mayor and the Deputy Mayor from their members. Councilors from each zone also elect a zonal ward committee chairman. The executive wing of the Corporation is headed by a Corporation Commissioner. The Corporation runs and maintains basic services like water, sewage and roads. The district itself is administered by the District Collector.

Demographic Details

As per 2011 census, Coimbatore had a population of 34,72,578, Coimbatore is sixth most populous district out of total 32 districts in Tamilnadu. Males constitute 17,35,362 and females 17,37,216. Coimbatore has a average

literacy rate of 84.31 per cent. Male literacy rate is 89.49 per cent and female literacy is 79.16 per cent. Tamil is the principal language spoken in the district.

Economy

The prime industries of the city are engineering and textile. Coimbatore is the highest revenue earning district in Tamil Nadu. Coimbatore is called the Manchester of South India due to its extensive textile industry. The district also houses the country's largest amount of hosiery and poultry industries. Most of the industries are run by entrepreneurs, often indigenous with family based or community financing. The city's industrial growth started in 1920's and accelerated after independence. The city serves as the home ground for most of the well known industrialists from Tamil Nadu. Of late, information technology companies have started openings off share development centres in the city. The city houses a large number of small and medium textile mills. It also has Central Textile Research institute. The neighboring town of Tirupur is home to some of Asia's largest garment manufacturing companies, exporting hosiery clothes.

Culture

Coimbatore and its people have a reputation for entrepreneurship. Though it is generally considered a traditional city, Coimbatore is more diverse and cosmopolitan than all other cities in Tamil Nadu except Chennai. The heavy industrialization of the city has also resulted in the growth of trade unions. There are numerous temples in and around the city including the Perur Patteeswarar temple, Konnamman temple, Thandu Mariamman temple, Vazhai Thottathu Ayyan temple, Panchamuga Anjanaya temple and the Dhyanalinga Yogic temple.

Industrial Scenario

1. Textile Industries

Textiles are the major industry in the Coimbatore district. It is one of the textiles hubs of India. The Stones mill founded by Robert Stones in 1888 was the fore runner to the huge textile industry of the world which Coimbatore has today. Two more mills namely Kaleeswara Mills and Somasundara Mills were established in 1910. Lakshmi Mills Company commenced its operation in 1911. Coimbatore is also called the “Manchester of South India”, because it houses many textile industries. India’s leading textile machinery manufacturers “Lakshmi Machine Works Ltd” produces textile machinery for textile mills in India and abroad. It is the pride of Coimbatore.

2. Engineering industries

In 1922, a workshop to repair cane crushers and cotton ginning machines was started in Coimbatore. Two years later, a foundry to manufacture agricultural pumps and motors was established. Around the same time, bus services and a series of engineering companies and industrial training centers were established. In the 1940’s Text Tools Company was started to manufacture textile machines. In 1965, Mopeds India Limited was set up with a technical collaboration with Mofolecane of France to manufacture 50CC moped under the name “SUVEGA”.

3. Information Technology and Business process outsourcing

Coimbatore city is the second largest software producers in Tamil Nadu next to Chennai. The software development is set to take an upswing with the launch of TIDEL Park and other planned information technology parks around the city. The information technology industry in Coimbatore is nascent compared to its textile and manufacturing industries. Coimbatore is also emerging as an information Technology and business process outsourcing city and it is ranked at 17th place among the global outsourcing cities.

4. Pump manufacturing

Coimbatore is also called as the pump city of Asia. The city houses a large number of small scale engineering companies. Motor and pump industry supplies two-thirds of India's requirements while its wet grinder industry has a near monopoly. The major pump manufacturers like Aquasub engineering, Suguna pumps, Sharp industries, Deccan pumps, Texmo industries are renowned worldwide. Coimbatore has more than 700 wet grinder manufacturing with a monthly output of 75000 units.