

AN EDUCATIONAL STUDY WITH SPECIAL REFERENCE TO WARREN BUFFET

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ABSTRACT

Savings and investments are regarded as the best practices. Time management is connected to these best practices. Instead of wasting precious time on un-necessities, it is better to invest the available time on productive activities. There is a blaming game at work places and society that people have no work ethics. The main reason is distractions like social media. The present study is an attempt to youth to make a shift from unproductive activities to productive activities. So, a great person called Warren Buffet's life history and his valuable quotes on financial and time management is taken for the study. He started his investment journey from the age of eleven years. Gradually he became rich slowly. That is why he is going to say that investors must have patience rather than intelligence. He took around fifty six years to become rich. There after his growth is exponential. He is great for quotes. We are all great full for his great quotes. Some of his quotes include: the best investment is on you, an idiot can beat an intelligent with a plan, we are under a shade who has already planted a tree long back, invest and forget, a common man can also invest on index, the difference between successful and most successful people is most successful people say "No" to almost of all things, define what are assets and liabilities, if you buy un-necessity today, you may have to sell necessities tomorrow. A model has been given which indicates that an entertainment seeker cannot be educated. Instead of entertainment, enlightenment can be entertained. Our resources like time, effort and money can be devoted in the ratio of 10:90 for entertainment and enlightenment which ensures 100 percent employment to youth.

Keywords: Warren Buffet, Social Media, Long Term, Investment & Savings.

Introduction

Warren Buffet is known for Investment activities. He started his investment activities from his age of 11 years. It is really a motivation to all youngsters in India. He is an American businessman and a great philanthropist. He is considered as most successful investor of the 20th century. He is also known for his givings in form of philanthropy. He has donated most of his wealth to social causes. His some donations are \$36 billion to the Bill and Melinda Gates foundations, \$8 billion to his three children's foundations, he announced in June 2024 his fortune to a charitable trust managed by his children. In his words, "he believes society has a use for his money, but he doesn't".

Five Rules of Investment

Warren Buffet has five golden rules for investment as follows.

- **Invest for the long term:** Warren Buffet always focus on long term investment rather than short term investment. His technique will be beneficial over the long term say more than five years. So, investor must have high level of patience to bear short term fluctuations in intra-day transactions.

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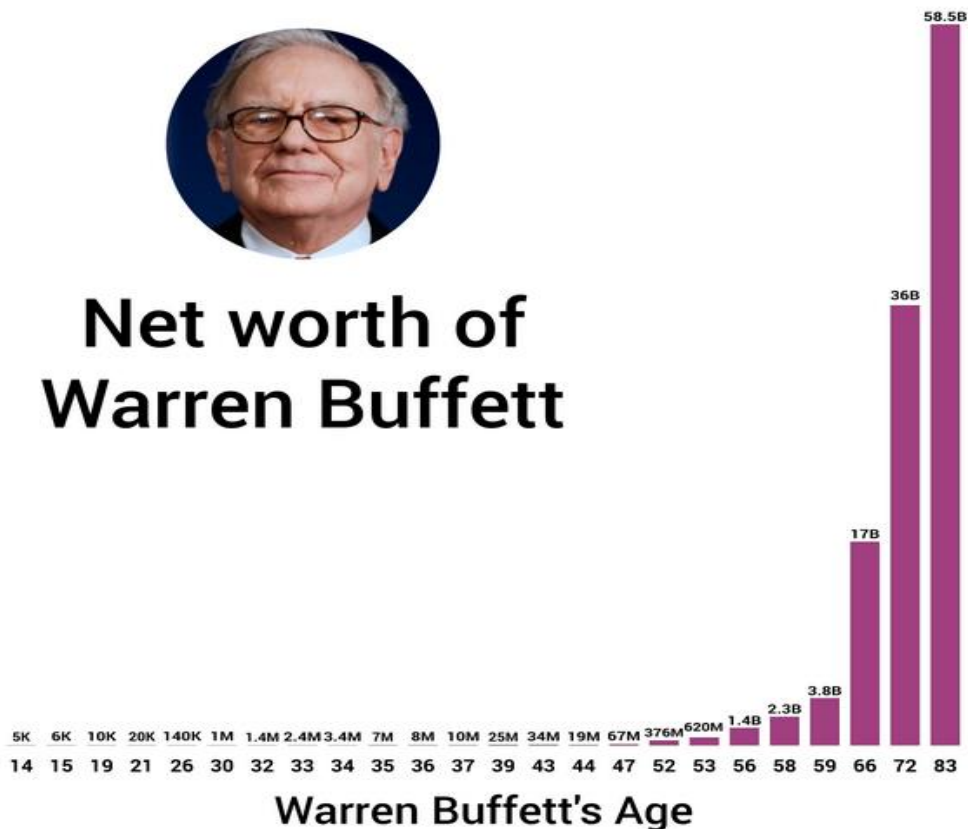
- **Staying informed:** Investor must be a regular reader. Since companies economic situations are going to change, investors must read the financial statements such as profit and loss account and balance sheet continuously say at least quarterly and or every six months once.
- **Maintaining a competitive advantage:** It refers to make use of competitive prices. Due to high competition, there will price war offenly, investor must be ready to undertake the advantage of high competition. In the business fields.
- **Focusing on quality:** Investor must focus on high quality stocks. He can find it in blue chip companies which are toped in Nifty and Sensex. They are regarded as front line stock. Example for quality stocks in India are Reliance, HDFC bank, Infosys, TCS, MRF, Nestle etc.
- **Managing Risk:** Warren Buffet says that moderate risk must be borned by the investors in share market. The risk must be calculated one. Beta analysis can be used for the calculated risk. Financial derivatives are used as risk hedging tools in the modern financial markets.

How did Warren Buffet become get?

Patience is the best quality of the investor. This is experienced by stock market Guru Warren Buffet. He says that impatient should not stay in the market. Though he started his investment at 14th year. He took fifty six years to enrich his financial status. Thereafter, exponential growth takes place. It is a good lesson can be taken from Stock market icon Warren Buffet. It hints as patience is most essential quality in the long run in the share market.



Net worth of Warren Buffett



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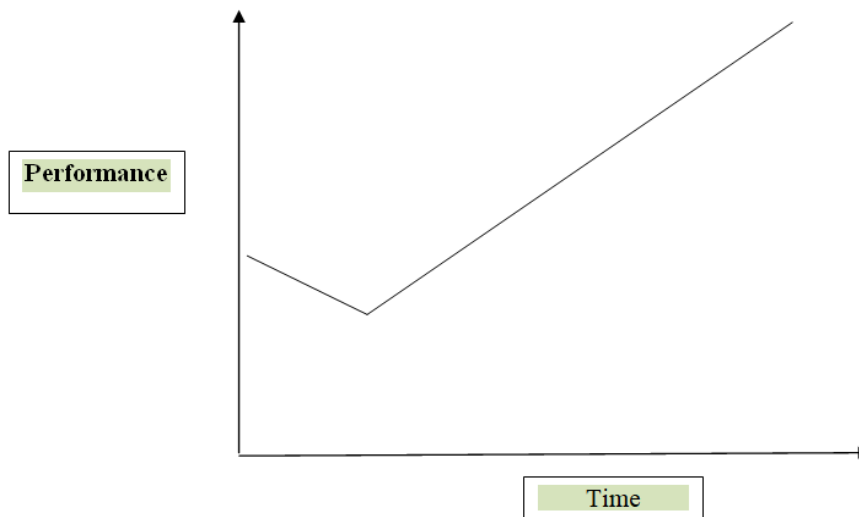
Warren Buffet's Quotes

It is a great learning process from the thoughts given by Warren Buffet. Some of selected quotes are listed as below.

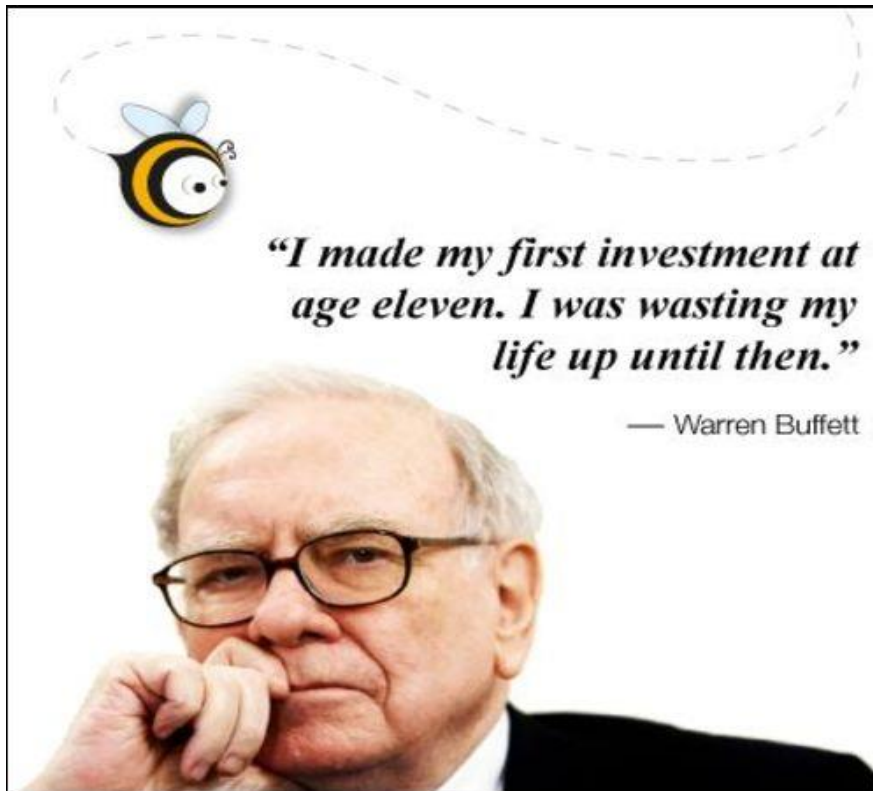


Warren Buffet is an inspiring personality in many ways. One attempt is done on the basis of the above quote. He is regarded as learning machine. This was expressed by Charlie Munger, he was famous for being Warren Buffett's long-time business partner and the vice chairman of Berkshire Hathaway. Warren Buffet is a good book reader. He reads about 500 pages a day. In one of interview, he states that "I just sit in my office and read all day". He further says that "his first priority would be reservation of much time for quiet reading and thinking". Self improvement is the ultimate form of investing in oneself. It requires devoting time, money, attention and hard effort now for a payoff later. A lot of people are unwilling to make this trade-off because they crave instant gratification and desire instant results.

These short term costs, when applied the right way along an axis of time, offer an exponential payoff when applied over a long time. "Compound interest", Albert Einstein reputedly said, "is the most powerful force in the universe".

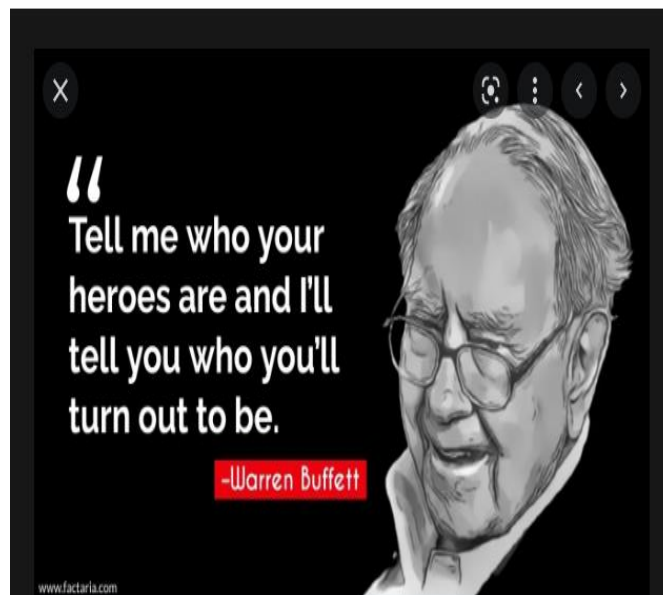


Zig Ziglar says that "Rich people have small TVs and big libraries. Poor people have small libraries and big TVs". It is very relevant in these days. People who have addicted to TVs and social media have big and costly mobiles and they have investments on books and laptops. They develop celebrities like actors in TVs and films and sports people. But some rare people have no TVs in their homes but they have invested huge money on their libraries and laptops. They grow from bottom to top. The above graph is depicting that when an individual is investing his valuable time on a particular task, his performance is going to exponential growth. Warren Buffet is the best example for this who is away from the un-necessities like social media and he devote all his valuable and gifted time on savings and investment activities.



Explanation

It is great motivation to all of us. We are not serious about savings and investments even after 30 years. But, Warren Buffet started his investments from the age of eleven years. It indicates that small children also can develop the habit of savings and investments. This can be done by avoiding over expenditure on chalklets, biscuits, toys etc. The children can enjoy high income profile with this best practice.

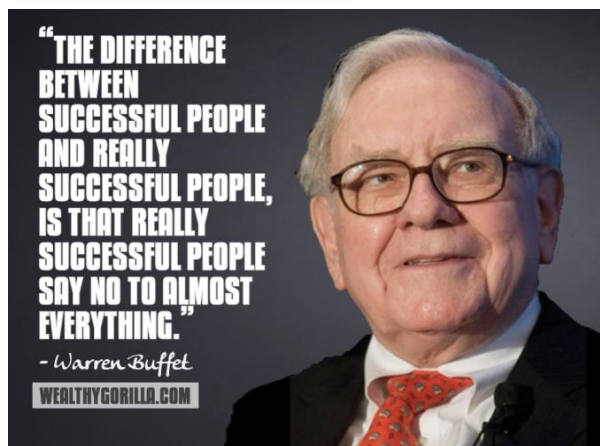
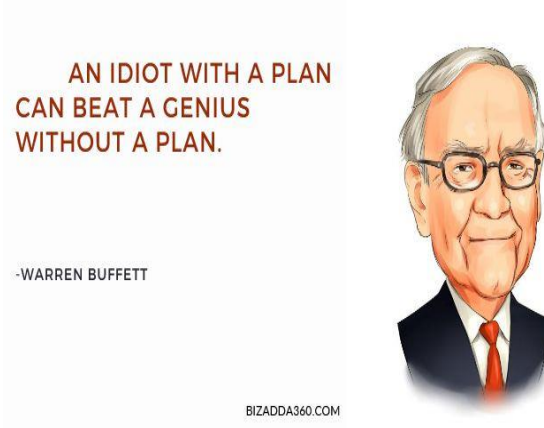




Explanation

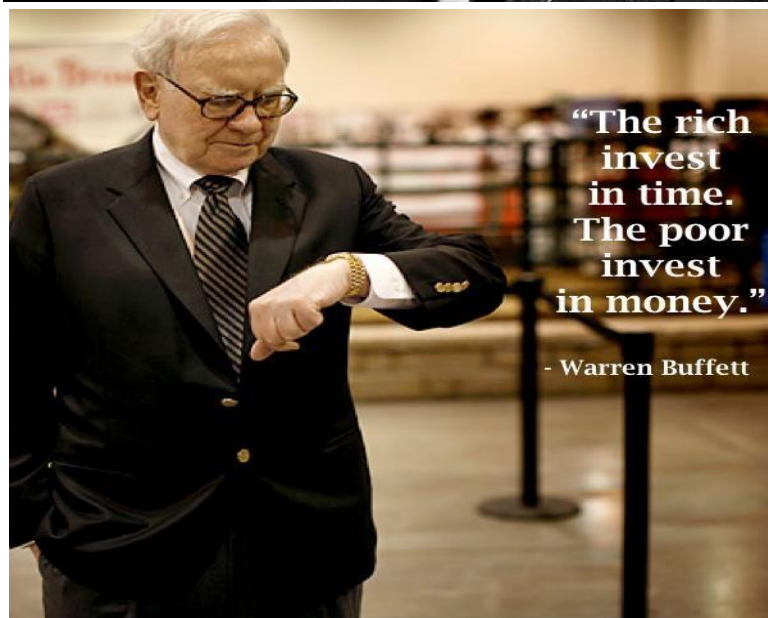
If our heroes are fancy people, we spend more time and money on luxuries and our economic conditions in future will be very poor. But, if our role models are people with highly disciplined and control financial activities, we can enjoy better savings now and we can face inflation problems in future.

Buffet, people should alternative incomes like salary, interest, dividend, double income, rent, business profit etc. it is helpful to face the big problem of inflation in our country.



Explanation

The success of Buffet is Time management. He express his seriousness about time management. A planner with an average knowledge can beat an intelligent without a plan. Plan is a good weapon to face any kind of challenges at work place. He further given his great thought that great people say “No” to almost all un-necessities. So, they get time to focus on necessities.



Explanation

Buffet has given a beautiful message that investor need not any kind of knowledge of investment. He can periodically say monthly, quarterly or yearly invest in an index such as Nifty, Sensex, Bank Nifty etc. it is very helpful to people who have money but don't have investment knowledge. his another thought is rich people invest in time and assets and poor people invest in money. it means they invest in liabilities such as luxuries.

WHY THE RICH ARE RICH

- 1 The rich are rich not because they look rich, but rather because they possess the skills and strategies of the rich.
- 2 The rich invest their money first into assets instead of purchasing liabilities.
- 3 The rich maximize their income by increasing either their salary from their job or the profit of their businesses.
- 4 The rich build multiple income streams to diversify their income.

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"The most important quality for an investor is temperament, not intellect."

-Warren Buffett

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Explanation

The most important quality of an investor is emotional quotient rather than intelligent quotient. Our investments are subjected to fluctuations. Investor should have patience to bear these short term ups and downs. He further says that "invest on the right stock and sit tightly".



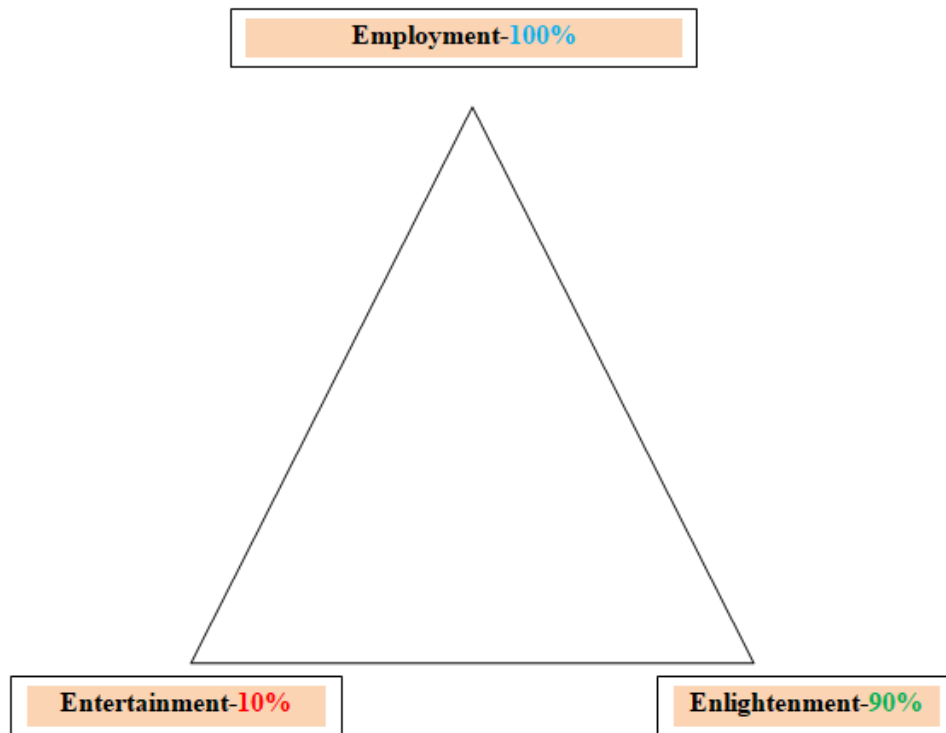
Explanation

Many persons save after spending on necessities and un-necessities. But, Buffet says spending must be started after saving at least 30 – 40 percent of income. He further add that if savings are prioritized over spending and invested on long term assets like land, building and stock, our next generation can enjoy the future as like how we are enjoying the fruits provided by the trees which are planted by our parents in the past.

Buffet’s Quotes

- Stock market is designed to transfer money from active to the patient.
- Be fear-full when everyone is greedy and be greedy when everyone is fear-full.
- If you buy things you do not need, soon you may have to sell what you need.
- We don’t have to be smarter than the rest. We must be disciplined than others.
- The best education you can make is investing on yourself, that does not mean school or college.
- If you cannot control your emotions, you cannot control your money.
- The market is a device to transfer money from impatient to the patient.

Conclusion



There is a saying “An Entertainment Seeker cannot be Educated”. But, today people are behind of social media, they are dedicating their more of the resources on wats app, face book, instagram, T20 Cricket, serials, comedy shows etc. So, they are poor in subject basics. It also has negative impact on health. The above model is a suggestion which says that people should question media and they should limit their time spending around 10% on Entertainment activities and remaining 90% they should focus on Enlightenment - subjects basics and life skills. This will definitely ensures 100% success in the Employment activities, savings and investment activities must be focused which leads to better time management and we can contribute to the economic development of the country.

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