NATIONAL INSTITUTE OF SECURITIES MARKETS
An Educational Initiative of SEBI

INVESTOR EDUCATION update

Volume 8, Jan.-March 2019

A cross section of participants of the program on 'Mutual Fund Awarness' held for SBI officers at NISM Patalganaga Campus

MESSAGE FROM DIRECTOR

Securities market education plays a vibrant role in creating a cadre of professionals in financial market and towards this, NISM has been contributing in multiple ways. Its two year P G Program in securities market with latest syllabi blended with exposure in equity market terminals make the graduates capable of meeting the challenges in right decision making. NISM's flagship program – One year Post Graduate Program in Securities Markets is meant for equipping the candidates to man the specified functions in securities market operations. The brokerage houses, depository participants and institutions, exchange houses, merchant banking institutions, mutual funds etc. required qualified and trained professionals and NISM reaches to their expectations. Specialized courses like P G Diploma in Quantitative Finance, P G Diploma in Data Sciences etc. are run by NISM so that those seeking sophisticated program in new age topics can make use of NISM Courses.

NISM has got a bouquet of certificate examinations wherein candidates across various cities in India can appear for the computer based examinations and enrich their knowledge.

Dr. M Thenmozhi
Director

EDITORIAL

The recently concluded financial year 2018-19 witnessed mixed responses regarding the performance of stock market in India. Indian equity market emerged as one of the best performers globally in 2018-19. The BSE Sensex rose nearly 17 percent while the Nifty 50 increased by 15 per cent during the period. On sectoral basis, the banks, energy and IT sector outperformer with a growth of 25 per cent followed by FMCG at 16 per cent, and Pharma at 12 per cent, With the surge in stock prices, market capitalization – GDP ratio touched 83 per cent. India's share in the world market cap at 2.8 per cent is also the best.

The initial Public Offer (IPO) market witnessed a huge slump during 2018-19. The funds raised by way of IPOs were down 82 per cent year on year to Rs 14,674 crores. The number of issues to hit the market were just 14, the lowest since FY15 compared in 48 in FY18.

The mutual fund industry ended the FY19 on a somber note. The average assets under management stood at Rs 24 trillion, just 6 per cent higher than the previous financial year FY18. Among the individual fund houses, SBI Mutual Fund is the biggest gainer in absolute terms as its AUM rose by Rs 66,000 crores to touch Rs 2,84,124 crores.

Prof K Sukumaran
Dean

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SEBI FINANCIAL EDUCATION RESOURCE PERSONS REFRESHER WORKSHOPS

During the period January to March 2019, NISM has conducted four Refresher Workshops for SEBI Financial Education Resource Persons. Three workshops were held for SEBI Western Region and One workshop for SEBI Eastern Region, training a total of 159 resource persons. The details are as under.

Sl. No.	Venue	Dates	No. of Participants
1.	Jaipur	Jan 05-06, 2019	36
2.	Ahmedabad	Jan 12-13, 2019	64
3.	Indore	Feb 02-03, 2019	41
4.	Guwahati	Feb 23-24, 2019	18
Total			**159**

Shri Nagendra Parakh, Executive Director delivering the inaugural address at SEBI Financial Education Resource Persons Refresher Workshop at Ahmedabad.

Shri N Hariharan, Chief Gen Manager, SEBI delivering the inaugural address at SEBI Financial Education Resource Persons Refresher Workshop at Indore


NiSM
SEBI Financial Education
Resource Persons Refresher Workshop

The Performing Team of SEBI Financial Education Resource Persons Program of North Eastern Region

Financial Planning: Six tips towards building wealth in 2019

By Anil Rego, Financial Express, January 1, 2019

In the world of personal finance, 12 months is a long enough time to create an impact depending on how you spend, save and invest.

A new calendar year is upon us. Come to think of it, 12 months is a long time. If used smartly, this time is enough to create an impact. If frittered away, these 12 months are a missed opportunity. In the world of finance, money will remain the king in 2018, 2019, 2020…so on and so forth.

Money is a strange thing. If you have it, you want more. If you don't have it, you still want it. At our individual level, money is a means to an end. Money could mean peaceful retirement for a couple in their 60s. For the new father and mother, money is what would drive their child's higher education 20 years later. Thus, it is very important to know what you want from money.

Here are six financial planning tips for 2019.

Spend less

You cannot have a shot at wealth if you spend 90% of your income. In 2019, spend less. Try to stick to a budget. Anticipate large expenses and prepare. Calculate how much you spent in 2018 and aim to spend less. Many people derive pleasure from spending. The world around you is built to make you part with your money. Before you spend, ask yourself–Do I really need it?

Save more

If you spend less, saving more is a corollary. However, not everybody who spends less usually saves more. This is because the spending may be immediately controlled, but it occurs at a delayed stage. That is dangerous and spoils the entire plan. Aim to save at least 40% of your annual income. Study your savings pattern and aim to increase it. Nobody became poor by saving more. But those who do not save are likely to face the ignominy of poverty.

Invest, invest, invest

Investing does not mean keeping money in your savings bank account. That is not investing. Investing has to be for a purpose and it should give you better returns than inflation. Any so-called investment where your returns are lower than inflation is a way to lose money slowly. There are tons of opportunities out there to invest. Carefully take your investible surplus and start saving in avenues that would generate an inflation and tax adjusted return.

Avoid putting money in bets

The years 2017 and 2018 had seen the craze over bitcoins. Many did not even understand what a cryptocurrency is but still went ahead and put money. Then, the value of bitcoins tanked. People lost money on mindless bets. No matter how solid the 'tip' is and no matter what they say, avoid bets. If winning is a matter of chance, it is better to keep your money with yourself.

Develop a second source of income

Inflation is relentless. Goods and services today cost more than what they did a year back. The same will be true for 2019, 2020, 2021…you get the idea. The only way to counter price rise is to earn more. Relying on salary hikes will not work. Share in family property too is a one-time windfall.That is why you should cultivate a second source of income. Spend your weekends in trying out a second source of income. This new year you must explore a second source of money generation.

Give your vote, not money to elections

The new year is already being billed as the year of the general election. Already financial pundits and experts are talking about how elections will make markets volatile. There is uncertainty about the political outcome. Do not try to invest or do anything with your money in view of the 2019 Lok Sabha election. Elections do not really affect our investments if you look at a one- or two-year time period.

Financial Planning: Create a good credit score while young

DNA Money, 14th February 2019

As you must be aware, having a good credit record and history is one of the main pillars of financial freedom for one and all. But it is more relevant for someone who is young. The moment you approach any lender for a loan, the first thing they do is check your credit score and then decide how quickly and easily to sanction the loan and at what interest rate.

Youngsters have to take care for their immediate needs like education, travel, car or buying a house. All of that requires money and more often than not, youngsters find it difficult tob create a good credit score. This happens mainly because they do not have any credit history to begin with and more so because of the lack of experience and time to create one. Also, sometimes their ignorance is a hurdle. Creating a good credit score when you are in your 20s is the best thing you can do to help yourself for a better financial life ahead.

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This happens mainly because they do not have any credit history to begin with and more so because of the lack of experience and time to create one. Also, sometimes their ignorance is a hurdle. Creating a good credit score when you are in your 20s is the best thing you can do to help yourself for a better financial life ahead.

There are many studies which prove that more than 50% of youngsters end up defaulting their credit card payments at least once, thereby hampering their credit score. They either overspend on their cards or miss due date for payments, which affect their credit score in the long run negatively. It is I ndeed a task to fix your negative or low credit score which can seriously put your financial goals at jeopardy.

For many youngsters, especially if they are students and have an education loan, the same can be a good tool to build a good credit score. You may also become an authorised person for someone like your spouse or any other member in the family who does not have a good credit score. Be sensible while using credit cards or availing loans. If you do it in a haphazard manner, without bothering about the amounts you borrow or your repayment schedules, it could lead to a trap thereby impacting your credit score negatively. You should also watch your social and digital media behavior, because more lenders are using data analytics, these days. This too can impact your credit score.

A youngster can follow certain things to create a good credit score to help him at a later stage in his life when he wants to buy a house or car or wants an education loan for further studies. First of all, taking loan is not a problem as long as it is to fund the need and not a want. Making payments within due time and not using the entire credit card limit can also help.

Even if you default on a payment because of an emergency, you can still correct your credit score with timely payments in future. Always opt for a low limit credit card so that you can control your spending and thereby any potential default.

To conclude, I would like you to think how your parents or even the earlier generations have used any loans or cards, in fact there was a time when people used to earn first, then they follow a mantra of savings first and spend later. This with time, changed to a situation where people used to earn first then spend and then finally save what they can. But the trend has change big time with youngsters who sometimes spend first and then earn to pay off their expenses, loans and card payments with hardly anything left for saving. So, be a responsible spender and focus on creating a good credit score.

The writer is chief gardener, Money Plant Consultancy

Inheritance: Five tips for smooth transfer of assets after death

By Kalpana Pandey, Financial Express, February 15, 2019

We all know that death is inevitable, but still very few of us care about making a plan for handling the financial decisions the surviving spouse or family will need to make. Avoiding the discussion around death is understandable, but eventually, life continues, lenders want their money, and the management of assets needs to continue. Here are five tips that can help ensure a smooth transition.

Obtain death certificates

Almost all the financial institutions will require a death certificate whether you want to close accounts, claim insurance, transfer loans or sell the deceased's property or investments. Tip: Make sure the details are the same as in your spouse's Aadhaar or PAN card and get at least 10 certified copies of the death certificate.

Organise financial documents

Divide the documents into four heads: assets, liabilities, expenses and income. These include bank-related papers (savings accounts/ deposits, debit cards, credit cards), insurance (life, health, vehicle, property), investments (insurance, stocks and mutual funds, savings schemes and fixed deposits), utility bills and account numbers (electricity, gas, phone, Internet), taxation (property/ income tax), property papers, loan and EMI documents, clubs and other memberships, among others. Get a copy of your spouse's credit reports to understand all existing debts. Tip: Collect employment documents if your spouse was working. Many a time people fail to contact the employer and claim insurance and other benefits due to their spouse.

Pay your EMIs and dues on time

Make sure you create a plan to pay all your dues and liabilities on time. Some common expenses include credit card bills, insurance premiums, utility bills, mutual fund SIPs, advance and other tax dues, loan EMIs, subscriptions and membership fees, among others. Tip: Be extra cautious about the terms of credit card accounts or overdraft loans.

Contact financial institutions

One of the biggest moves that need to be made after the loss of a spouse, is informing and moving of assets from the name of the deceased person to the name of the surviving spouse. This includes everything from banks to insurers to companies where investments have been made and tax department. Tip: Hire a lawyer or a financial planner who can get these processes taken care of in a timely matter.

Change ownership or title

Every institution has its own set of rules and it is advisable to get oneself acquainted with it. Here's what you need to do: Bank account: Remove your spouse's name from any joint accounts and close any accounts that were in your spouse's name only. If you had a long-term joint account with good standing, it is a good idea to keep it open.

Insurance: Contact all the insurers that may have issued policies to your spouse which includes life insurance, auto insurance, credit card insurance, accident insurance etc. The amount can be paid directly to the nominee or the legal heir. These claims are processed quickly and can be an important source of income for you.

Vehicle transfer: The title of the car owned by your spouse may need to be changed. You will have to transfer the ownership of the vehicle by making an application to the nearest RTO, along with the required documents.

Investments: For transferring investments apart from property, you have to fill up the required forms and submit a death certificate along with identity/residence proofs if you are a nominee. Else, you will have to obtain a succession certificate.

Have faith and stay committed to your regular investments

By A Balasubramanian, Economic Times 26 February 2019

The Indian Financial Services industry is a proxy to the Indian economy and one of its important pillars to provide lifeline to a large growing need for funds. In the past 10 years, it has grown by leaps and bounds. The entire financing needs of the country have moved from financial institutions to banks, banks to NBFCs and mutual funds.

Currently, there are 10,292 NBFCs registered with RBI and 43 fund houses with SEBI. With more players entering this industry, availability of funds too has increased substantially. Thus, the industry has become bigger and bigger with each passing year.

Over the years, not only has the industry grown but has also attracted higher supervision from respective regulators.

As a result, financial savings incrementally moved to these intermediaries, widening the base of their overall size. It also helped bringing down cost of borrowing to the growing needs of consumers.

During the period of 2013-14, interest rates were as high as 8 per cent, however, RBI began to cut interest rates post currency market stability. Mutual Funds played a key role in bringing down the interest rates to borrowers through investment in both money market instruments and bonds.

In effect, transmission of interest rate reduction by RBI was broadly driven by mutual funds lending to corporate borrowers in the form of CPs and Bonds. In a similar manner, the industry has played a key role in equity market stability as well.

In fact, over the years, mutual funds have become a strong counter force for the Foreign Institutional Investors (FII). While the FIIs continue to pull out money, the Indian MFs were pre-dominantly the largest net buyer for most part of 2017-18 and 2018-2019.

NBFCs have also contributed largely in increasing the 'penetration and reach' to every nook and corner of the country by providing loans for various needs. A large part of the credit offtake should be attributed to NBFC's penetration in the country.

With the continuous progress and evolving maturity of the industry, we have come to an inflection point. This inflection point is posing lot of questions on the role of NBFCs and mutual funds. Obviously, when the industry becomes bigger, complexity arises along with the size of industry and its growing related concerns. If I consider the period of 1998, there was a huge rise in the number of NBFC players. In the course of time, while some firms went through their own tough time, some continued to remain strong.

However, some of the players chose to move away from this business not because there were any default, but their risk appetite was less to carry on with the business. A similar event happened in the mutual fund industry during 2008 global credit crisis.

After 2008, while some chose to be in the business and some decided to move out, the industry went through a consolidation phase for a brief period, but revived on the back of strong fundamentals and growing transparency.

In this saga of events, opportunity, changes and volatility have remained constant in the entire space of financial services Industry.

While all this is true, human sentiments and behavior also keep fluctuating based on many global and local factors. In these scenarios, a question arises in everyone's mind is whether one should panic and jump off the ship or should one stay on course to be part of the market.

In my 28 years stint in this industry, I must say, given the fact that the Industry is getting matured and is well regulated, it is prudent to stay committed to one's investments and have confidence in the larger system. While some unexpected events may put a question on the fundamentals of investing and risk monitoring of the MF industry in general, it is also equally true that phases like now create higher noise levels, thus creating panic among investing public including money managers.

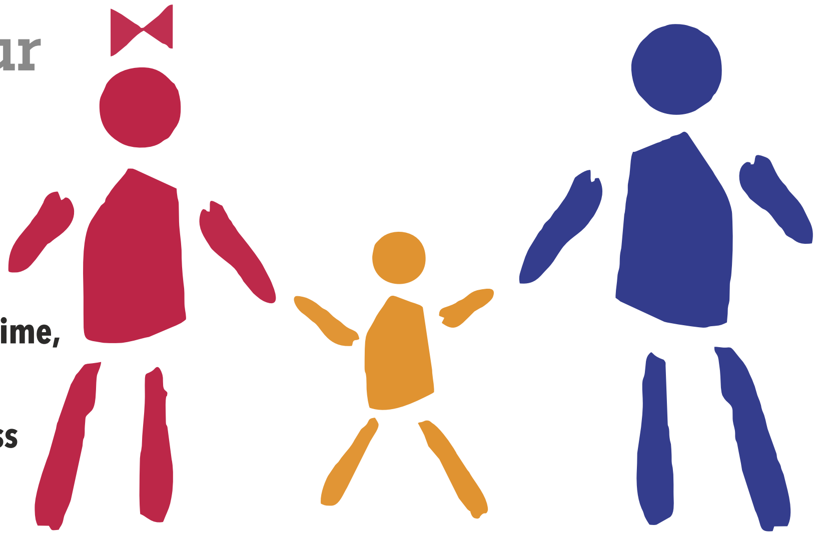
However, events arise out of nowhere and have a brief level of noise where we see the risk in hindsight. But it is for sure, these unexpected events, as it has happened in the past, will also get addressed along the way meticulously. While the concern is obvious and different people may have different points of view, given the way things have shaped up in the past, the noise level may stay for only three to six months.

Therefore, the current market noise will slowly get ebbed out, as we see progress in the resolution process collectively undertaken by borrowers, lenders, regulators and legal system.

It is therefore important to stay away from the noises and focus on building business/portfolio along with managing risk to be a winner in the long run.

How to name your nominee

By Bavadharini KS , Business Line 25 February 2019



To avoid family feuds after your lifetime, distribute your investments by way of a nomination. A look at the process for different financial instruments

Joe is a wealthy man, with a large family. He owns investments in various financial instruments and life insurances. He wants all his wealth to go to his family after his death. However, to ensure this happens, he has to validate his wish in writing, declaring the distribution of assets in the form of nomination or will. Else, it is a perfect recipe for family feuds and long-drawn legal battles.

One can easily avoid this situation by properly utilising the nomination facility provided in financial instruments such as shares, mutual funds and insurance. Nomination is a way of protecting the interests of your family and to make sure that they benefit from the investments after your death.

What is nomination? It is an instruction given to the financial service provider – mutual fund houses or insurers – to record the person named as nominee, entitled to receive the investment or the proceeds from it, after the death of the investor. Appointing a nominee makes the process of transmission of benefits simpler. In the absence of one, in addition to establishing the death of the investor, the person making the claim also has to give proof of the relationship and the right to receive the investment proceeds. It is a strenuous process that involves providing documents such as death certificate and legal heir certificate.

Reviewing the nomination from time to time would also help ensure that the intended person gets the benefits of your investments after you. For instance, before marriage, you may have named your father or mother as nominee; after marriage, you might want to reconsider nominating your spouse.

Alternatively, you can leave a will to distribute your wealth to whomsoever you wish. But keep in mind, leaving a will would supersede any nomination provided in instruments such as insurance policies and mutual funds, while the nomination would take precedence in shares and bank deposits.

Here is more about nomination in different financial instruments.

Cover yourself in life insurance

The purpose of life insurance itself is to provide financial support to the family when the bread-winner of the family is not around. Hence, it is important that you name your family member(s) as a nominee in the policy.

Who can be a nominee?

Nominee in insurance is the person to whom the insurer has to make a valid discharge on settlement of claim. In life insurance, the insurer or agent will ask you to nominate, preferably your legal heir (spouse, children or dependent parents), when the policy is purchased.

In the absence of immediate family members, some other blood relation can be nominated. The insurance company will allow this, if satisfied. Non-blood relations are not allowed as nominees.

NRI as nominee is also allowed, but the claim would be settled only to an Indian bank account unless specified otherwise in the policy.

The process

Nominee details such as full name, age and relationship with the policyholder are required to be filled in the form at the time of purchasing the policy. Also, policyholders have the option to register multiple nominees and divide the sum assured. Nominee details can be changed any time during the term of the policy by notifying the insurer by filling the requisite forms. The last update on the nominee details precedes all other previous ones.

Insurance companies should settle the claim within 120 days, if the claim occurs within three years of the policy being issued. But if the claim arises after three years from the policy issuance date, the claim should be settled within 15 days. However, in cases where the insurer requires the claim to be investigated, then the claim should be settled within 30 days from investigation completion date.

Who benefits

Usually, the nominee will be entitled to the claim. However, if you have written your will, the claim will be settled to the person mentioned in your will. Hence, to avoid any confusion, it is best that the nominee and the beneficiary in the will are one and the same person.

Note that if the policyholder has taken a loan against the policy, the insurer would deduct the outstanding loan amount and credit the balance to the nominee. Similarly, if the policy has been assigned or given as collateral for a loan taken from a lender, besides the insurance company, the policy will be reassigned and fresh nominations have to be made. The insurer would settle the claim to the assignee (person or entity to whom the policy has been finally assigned).

Passing on mutual funds

As per the Securities and Exchange Board of India, mutual funds are required to provide an option to nominate a person who would receive the proceeds from the investment at the time of demise of the investor/unitholder. Though it is not mandatory to provide for nominee, for your own benefit, fund houses insist that you nominate.

Who can be a nominee?

The nomination can be made by individuals applying for/holding units on their own behalf, singly or jointly. An investor in mutual funds can nominate anyone (preferably family members) including a minor as nominee. Even a non-resident Indian (NRI) can be named as nominee, subject to the foreign exchange regulations in force from time to time. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot be nominees.

The process

Nomination can be made at the time of filling up the application form for investment or can be made subsequently. An investor has the option to register a maximum of three nominees and can even indicate the percentage of allocation in favour of each of the nominee against their names. If the distribution is not mentioned, the fund house would divide the benefits equally among the nominees.

The nomination form has to be signed by the unit holder and if held jointly, then signatures of all the unitholders are required. Nomination can be changed any number of times by filling up the requisite form. The last update on the nominee details precedes all other existing ones.

Mutual fund nomination is specific to each folio/fund house. That is, you can nominate, say, your father with one mutual fund house and name your mother for investments held in a different fund house.

It usually takes 7-10 days for the money to be credited to the beneficiary's account.

Who benefits

In the absence of nominations, the legal heir would receive the benefits on death of the investor, but usually this would require the heir to produce long list of documents before the units are transferred. Just like in insurance policies, if the nominee and the person named in the will are different, the fund houses would provide the benefits to the person mentioned in the will.

If anyone other than the legal heir is nominee, he/she shall receive the units only as an agent or trustee. The units are then to be transferred to the legal heir.

Therefore, it is better to name your legal heir as nominee.

Bequeathing equity shares

The Companies Act allows a shareholder to make a nomination for his/her shares held in a company. The Act does not restrict the choice of the persons who may be named as nominee; it is better to nominate your family members if you want them to receive your savings. This makes the transition easier.

Who can be nominee?

Only individuals holding the account (joint account also included) can nominate, and a nominee can only be an individual. Nominee should not be a society, trust, body corporate, partnership firm, Karta of HUF or power of attorney holder. A maximum of up to three nominees can be appointed.

The process

It is not mandatory for the shareholder to provide nomination at the time of investment. Like every financial instruments, nominations in shares can also be altered or cancelled any time. For shares held in demat form, the nomination has to be recorded by the depository maintaining your demat account. In the form provided by the depository participant, at the time of opening the account, you can provide the details about the nominee – name, photo, age, e-mail ID, relationship to the shareholder, particulars of bank account and address and identity proof.

At the time of investment, the application form (account opening form) has to be signed by two witnesses along with their names and address details. Your depository participant is expected to transfer the benefits to the nominees within seven days from the time of submission of the documents to the depository participant.

Who benefits

To receive the benefits, it is essential that the nominee holds a demat account. In the absence of nomination, the depository or the individual companies would transfer the shares to the legal heir or legal representatives.

However, if nomination is provided, the nominee would receive the benefits. Also, if there is a will and a nomination, only the nominee would receive the benefits. That is, nomination would supersede the will, if the nominee and legal heir are not the same. This is unlike in insurance and mutual funds, where will supersedes nomination.

Nominees for bank deposits

The Reserve Bank of India mandates nomination rules for banks. Banks generally insist that customers provide nomination at the time of opening a bank savings/deposit account. But as a customer, you can still go ahead with the deposits or open an account without mentioning a nominee, provided a letter is given to the banker stating the reasons.

Who can be a nominee?

Nominations can be made by individuals and sole proprietary concerns, but a nomination can only be made in favour of individuals. An associate, trust, society or any other organisation or any office bearer of such institutions, in their official capacity, cannot be a nominee.

The process

The details of the nominee such as name, relationship to the investor or account holder and the address should be filled in the form (account opening application) while opening the account. Once the nominee is provided by the customer, banks are required to incorporate the clause 'nomination registered' in the passbook, statement of accounts or deposit receipts. The name of the nominee can also be included in these if you so desire.

You can add and change the nominee with your banker any time. Forms for registration, cancellation and change of the nominations are available at the bank as well on the online portal of the respective banks.

Who benefit

At the time of death of the customer who has given a nomination, the balance in the deposit should be paid to the nominee of the deceased deposit account holder.

The nominee should also provide documentary evidence of the death of the deposit account holder to receive the benefits. Note that, the nominee would receive the payment from the bank as a trustee of the legal heirs of the deceased depositor. The trouble arises when the nominee and legal heirs differ. Banks would follow the nomination mandate and with that their responsibilities end. Legal heirs can stake claim against the nominee only and not against the banks.

Only in the absence of nominee would the bank transfer the benefits to the legal heir.

Banks are expected to settle the claims in respect of the deceased depositors and release payments to the nominee within a period of 15 days from the date of receipt of claim.

Keep in mind

In case of joint account holders in life insurance, mutual funds, shares and bank deposits, the nomination becomes effective only on the death of all the joint holders. When it comes to nomination, a minor can also be a nominee in the said financial instruments.

In such cases, details of the guardian (who should be a blood relative), who would take care of the minor, should also be provided in addition to the minor's details – name and date of birth.

Therefore, the guardian cannot be the nominee of the same account where the minor is the nominee.

Pay attention to paper work

When you have appointed a nominee for financial instruments – life insurance or mutual funds – documentation becomes easy and simple, after the demise of the investor.

In the case of life insurance, for the nominee to receive the claim settlement, he or she has to submit death certificate (original), original policy document for processing claim and claim form (available with the insurer) duly filled by the nominee. In the case of death by accident, the nominee would also have to submit a copy of police FIR/post-mortem report. Further, KYC procedures should also be complied with.

The documentation requirements remain the same with bank deposits and mutual funds as well. A nominee should provide the death certificate and fulfil the KYC procedure.

For shares, if the nominee is registered, he or she has to submit account closure form (duly filled), transmission request form, original death certificate of deceased (it should be notarised or attested by a gazetted officer if a copy is being submitted) and Client Master Report (of the demat account of the nominee). The depository participant requires that the nominee does not have any joint holder in his/her demat account.

On the other hand, if the deceased has not appointed a nominee, in addition to the usual documentation, the successor claiming the benefits has to produce either succession certificate or letter of administration or probate of the will of the deceased.If the successor is unable to provide either of the documents, then he/she can submit a no objection certificate from all legal heirs or give an affidavit stating his/her claim, executed on non-judicial stamp paper of the appropriate value and notarised.

In the case of minor being a nominee, the same documentation requirements have to be provided by the guardian.

NISM INVESTOR EDUCATION PROGRAMS

During the quarter January to March 2019, NISM has organized investor education programs targeting various market segments. These include programs for colleges and for corporate. The details are as under.

Investor Education Programs January-March 2019		
Date	**Institute**	**No. of Beneficiaries**
January 5, 2019	International School of Information and Management, Jaipur	120
January 7, 2019	Manipal University, Jaipur	75
January 11, 2019	Ansian Paints, Navi Mumbai	25
February 1, 2019	Amity Global Business School, Indore	80
February 2, 2019	Prestige Institute of Management & Research, Indore	130
February 7, 2019	Lady Sriram College, New Delhi	55
February 8, 2019	Kamroan Institute of Technology & Management, New Delhi	60
February 12, 2019	Satish Pradhan Dnyanasadhana College, Thane Mumbai	60
February 22, 2019	Dept of Commerce & Management, Guwahati University, Guwahati	50
February 23, 2019	NERIM Institute of Management, Guwahati	240
February 28, 2019	Bharatidasan School of Management, Bharatidasan University, Trichy	84
March 1, 2019	Bharatidasan Institute of Management, Trichy	120
March 11, 2019	Guru Nanak Dev College, Amritsar	85
March 12, 2019	Hasta Shilpa Industrial Training Centre & Degree College - Tech. Edu., Batala	120
March 11, 2019	Baring Union Christian College, Batala	60
March 13, 2019	Andra University, Vishakapatanam	110
Total Beneficiaries		**1474**

Maximum complaints to banking ombudsman in 2017-18 were about credit, debit cards

By Preeti Kulkarni, Economic Times, 7th January 2019

If your bank's internal grievance redressal mechanism is not up to the mark, you can approach banking ombudsman. However, ensure that you follow the procedure prescribed.

Complaints against banks shot up 25% in 2017-18 over the previous year, the RBI's Report on Trend and Progress of Banking in India says. This despite the central bank advising banks in 2015 to appoint internal ombudspersons to review complaints. Often, it's the lax internal grievance redressal mechanism that compels customers to seek external intervention. Read on to understand the typical complaints received by the ombudsman and how you can go about seeking redressal.

Non-observance of codes

Not adhering to the fair practices code was the top most grievance received by the banking ombudsman offices. Violation of commitments to customers was also high on the list. The fair practices code and Banking Codes and Standards Board of India (BCSBI) code of commitment to customers cover a range of issues including dealing ethically, providing transparent information on charges, maintaining confidentiality of your information, protecting your daand privacy, selling suitable products, ensuring quick resolution of complaints, offering compensation in case of electronic fraud and so on. BCSBI CEO Anand Aras lists mis-selling of products to customers as one of the key areas of concern. "The Right of Suitability clearly states 'offer products as per customer needs'. Similarly, the customer's account not being re-credited in time after a failed ATM/debit card transaction constitutes a code violation," he adds.

The detailed codes are available on the Indian Bank Association and BCSBI websites. Code violations should be brought to the notice of the bank and then the ombudsman, if the grievance is not resolved to your satisfaction. "However, the customer cannot make a complaint if the subject matter of the complaint is pending for disposal or has been already dealt with at any other forum like court of law or consumer court," says Aras.

This is the category that has seen the highest jump of over 50% in complaints compared to 2016-17, which is not surprising given that usage of non-cash payment modes has seen a sharp spike. “Most complaints pertain to credit cards. Customers are often issued cards they never asked for. They are not informed about the charges and credit periods as well,” says consumer activist JehangirGai. Such actions violate the provisions of the IBA's fair practice code. Don't fall for the freebies and rewards promised by the banks' selling agents over phone or at payment counters of malls. Do not sign forms without reading them.

	Number of complaints 2017-18	2016-17	% CHANGE
Non-observance of fair practices code	36,146	31,769	**13.78**
ATM/Debit card	24,672	16,434	**50.12**
Credit card	12,647	8,297	**52.43**
Failure of commitments	11,044	8,911	**23.94**
Mobile banking/electronic banking*	8,487	NA*	**NA**
Charges without notice	8,209	7,273	**12.87**
Pension	7,833	8,506	**-7.91**
Deposit account	6,719	7,190	**-6.55**
Loans and advances	6,226	5,559	**12**
Non-adherence to BCSBI code	3,962	3,699	**7.11**

Mobile banking-related issues

This ground for complaint was introduced for the first time during the year and figures amongst the top five complaint categories. To ensure that the onus of any fraud rests with the bank, notify the bank of any unauthorised transaction within three days. If you report a suspicious transaction after three days and within seven working days, your liability will be capped at Rs 25,000. After that, determining your liability will be at the bank's discretion.

Charges without prior notice

In April 2017, customers were up in arms against the decision of some banks to hike service charges. However, the fact is that banks are allowed to revise their charges, with the caveat that they give adequate and prior notice. Last year, the BCSBI concluded that banks had indeed given prior notice before increasing charges. “But many customers complain that charges are raised without intimation,” says Gai.

How to complain to digital payments ombudsman

By Preeti Kulkarni, ET Wealth February 11-17, 2019

RBI has instituted a dedicated grievance redressal mechanism for digital payments-related disputes. 21 ombudsman offices have been set up for digital transactions across India.

Thanks to the RBI, aggrieved customers can now file complaints against prepaid instruments (PPIs), e-wallets, and other payment service providers with ombudsman offices in 21 locations across 19 cities. "Ombudsman for digital transactions was much needed in light of their growing volume. A dedicated redressal authority will expedite the process of complaints resolution," says Anand Aras, CEO, Banking Codes and Standards Board of India. If you have a grievance against a bank, however, you will still have to approach the banking ombudsman, even if it pertains to an online transaction.

Grounds for complaint

Reasons for filing complaints against digital payments service providers include unauthorised electronic funds transfer, their inability to transfer the funds to your bank account, not loading funds into the wallet within a reasonable period of time, failure to effect online payment or fund transfer, failure to refund your money in case of a failed transaction and not implementing stop-payment instructions within the specified time-frame

Complaints related to Unified Payments Interface (UPI), Bharat Bill Payment System, Bharat QR Code and UPI QR Code also fall within the purview of the ombudsman. These entities cannot wash their hands off in case of transactions they enable on third-party platforms. "It will be the responsibility of the payment service provider to resolve customer disputes arising out of such transactions," reads the RBI notification.

How to file the complaint

If your complaint has not been satisfactorily addressed by the digital payment service provider's grievance redressal system, you can file a complaint with the ombudsman under whose jurisdiction the service provider's office is located. In case of centralised operations, your billing address will determine the relevant ombudsman office. Instead of visiting the office, however, it is easier to file the complaint online– the email IDs of the ombudsman offices are listed on the RBI website. Besides personal details, you will have to submit the case details along with supporting documents, the remedial action you are looking for and a declaration that your grievance falls under the purview of the digital transaction ombudsman.

“Ensure that you maintain proper records and documentary proofs so that your claim for compensation is entertained by the ombudsman,” says V.N. Kulkarni, a former banker and loan counsellor . You can also make your case through a representative, who is not a lawyer. The ombudsman will give a hearing to the complainant as well as the digital entity in question and if resolution through settlement, conciliation and mediation fails, the ombudsman will pass an award.

Some consumer activists, however, remain sceptical of the scheme's success. “Experience with the banking ombudsman scheme shows that only 31 complaints were adjudicated (awards were passed) during the last year, and the cost of handling each complaint was Rs 3,780. So, the new scheme will be of no use unless a proper legal mechanism is formulated to enforce orders without delay or further litigation,” says JehangirGai, a consumer activist.

Things to remember

If you have already filed a complaint in some other forum, the ombudsman will not entertain it. Also, if your grievance does not fall under eligible grounds of complaints, the complaint won't be entertained.

Any delay on your part can jeopardise your case too, so ensure that you file the complaint with the ombudsman within one year from the date of receipt of the reply from the payments services provider, or 13 months from the date of filing the complaint.

The final recourse

If either the customer or the payment service provider is not satisfied with the ombudsman's decision, they can approach the deputy governor in charge of the RBI department implementing this scheme. You can file an appeal within 30 days from the date of date of receiving the communication of the award, or the rejection of your complaint by the ombudsman. The deputy governor can extend this limit by another 30 days, if he/she is convinced that the complainant had a valid reason for not meeting the deadline. If all else fails, you can always approach the consumer forums or the courts for a final resolution.

Customer compensation

- Rs 1 lakh is the compensation that can be awarded in lieu of loss of customer's time, expenses incurred and mental agony.
- Rs 20 lakh is the maximum compensation the digital payments ombudsman can award.

Grievance redressal process

1. Approach your payment service provider with your grievance and wait for at least 30 days.
2. In case of no or unsatisfactory response, write to the ombudsman within one year from the date of rejection of your complaint or 13 months from filing the complaint.
3. If you are dissatisfied with the ombudsman's decision, you can approach the appellate authority-office of the deputy governor in charge of RBI's department for overseeing the ombudsman.
4. If this too fails, you can file a case in the consumer forums or approach the courts.

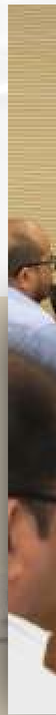
POCKET MONEY PROGRAM – FINANCIAL LITERACY INITIATIVE IN SCHOOLS

NISM, in association with Axis Mutual Fund has organized financial literacy sessions in select schools situated in Hisar and Navi Mumbai. A total of 547 students were covered under the scheme. All the students who attended the program received certificate of proficiency from NISM. The details are as under.

Date	Venue	No. Of Participants
16 January 2019	Cantt Public School, Hisar	108
21 January 2019	Lord Krishna's School, Hisar	106
28 January 2019	Captian R C Senior Secondary School, Hisar	118
26 March 2019	Tilak Jr College, Nerul	215
Total		**547**

MUTUAL FUND AWARENESS PROGRAM

NISM has organized a Mutual Fund Awareness Program for the Officers of State Bank of India.The program was held at NISM Patalganga premises during January 21-23, 2019, where 51 officers participated.



Smart Investing: Four tips to withstand market volatility

By Adhil Shetty, Financial Express, March 1, 2019

Market volatility, no matter how undesirable it seems, is a reality every investor needs to get acclimatised to.

The peaking Indo-Pak tensions, the ongoing US-China trade wars, the Brexit conundrum–they all have had and will continue to have a direct impact on the stock markets.

A tightly interconnected world sees a dozen developments on a daily basis, and the sensitive markets are mostly quick to react to them. Market volatility, no matter how undesirable it seems, is a reality every investor needs to get acclimatised to.

The peaking Indo-Pak tensions, the ongoing US-China trade wars, the Brexit conundrum–they all have had and will continue to have a direct impact on the stock markets. But the smart investor need not get as responsive to these uncertainties as the rollercoaster stock market trends. Plus, there are a number of things you can do to fortify the walls surrounding your investments to make them immune to unavoidable geopolitical turbulence.

Here are some tips to keep your investments afloat during tumultuous times.

Don't panic

A panic-stricken and rumour-laced investment decision is possibly your worst bet when tackling a volatile market. Panic clouds analytical thinking and forces us to make rash decisions–like hastily liquidating the investments when facing volatility, only to regret when the markets recover later. Remember, skyrocketing inflation, snowballing public debt and growing taxes are some of the obvious results of a worst-case scenario like a conflict, all of which can eat away the value of cash deposits.

It's a fact that you cannot control external influences on the stock market, but you can check the quality of the information you consume in order to avoid panic. So, don't believe in hearsay, to begin with, and verify the credibility of the news before reacting to it. Having said that, holding your ground during volatile times may be harder than you thought it would be, especially when it's almost impossible to ascertain the scope and extent of their impact on your investments. So, how to decide on your future course of action?

Look at your financial goals

Your financial goals, which form the foundation of your investments, should be the torchlight to guide you through uncertain times. They should be the only thing you should fall back on to decide whether to remain invested or to pull out.

If you're near your financial goal, like you're just a month away from your 5-year mutual fund investment maturity, you may consider redemption to save yourself from near-term volatility. Inversely, if the maturity deadline is still a couple of years down the line, stay put and continue investing so that you give your investments maximum time to recover.

Tried-and-tested strategies like rupee cost averaging (read Systematic Investment Plans), where you invest a fixed sum at regular intervals to minimise the risk impact of a choppy market, are helpful.

Diversify your investments

The other go-to plan should be to diversify your investments into various asset classes in order to offset combined risk. This will ensure your losses in a particularly risky investment will get compensated for by the gains you make in another less lucrative but safer investment.

As such, allocating a portion of your assets, based on your financial goals, to fixed income instruments like Public Provident Fund or National Savings Certificates apart from equity-linked investments can be a safe strategy. Also, gold has been considered a traditional hedge against inflation and becomes a popular—at times "automatic" —investment choice during volatile times.

While there's merit in these arguments, you'd probably do well not to get overboard with gold investments, especially when you consider the fact that the prices have remained more-or-less steady in recent years. You may want to allocate not more than 5% of your total portfolio to gold investments.

Avoid rebalancing in a huff

Your exposure to debt instruments may increase when equity markets nosedive in reaction to a global turmoil. Do not rush into rebalancing your portfolio by switching money from debt to equity products or channelling more funds to equity instruments without thinking it through, as you cannot be certain when the markets will recover. Instead, wait for the markets to improve and then take a call. Protection of your investment capital is the foremost consideration during trying times, but a savvy investor shouldn't go overboard with rash decisions.

Getting negative returns from markets? Stay invested for the long-term

By Brijesh Damodaran, Financial Express, February 19, 2019

The period since January 2018 has seen volatility and downturn in majority of the stocks.

The last few months have tested the patience of investors investing in equity and fixed income, especially bonds. The double-digit returns in equity markets of the year 2017 looks like a distant past. Today, investors are confused. Every other day, there is a news about default in corporate paper by an entity, which is not inspiring confidence.

The period since January 2018 has seen volatility and downturn in majority of the stocks. And this has only created doubts in the mind of investors. But then, there were cycles of volatility, both as witnessed in 2017—when markets were moving up and in 2018 when they fell, especially mid and small cap stocks. Though the Sensex seemed to be more flat, the stocks which the investors have invested have only moved south. In this scenario, what is the approach an investor needs to have in place?

Revisit past returns

Let's take a step back and revisit the decade till 2018. If we look at the categories of schemes of mutual funds over the period beginning January 2015 – till date, liquid funds as a category has delivered returns higher than most of the equity mutual funds.

Again, if the period of portfolio review was December 2017, equity fund categories were delivering annualised returns of over 15%. History is important to understand how returns have moved over multiple time periods. And the approach has to be based on the cash flow and liquidity needs.

If an investor is looking for a cash outflow or withdrawal from the investments in less than 36 months, it would be prudent to stay away from equity as an asset class. The drawdown (even if they are on paper) can affect one's investment journey process. So, it is important to have a plan and process in place.

The Sensex over the period of last four decades since 1979 has delivered an annualised return of over 16%.But then, it is point-to-point and when you look at point-to-point returns, volatility in the returns escapes the attention.

Only when the returns are looked at rolling periods, at intervals of, say, one year, one can understand how volatility is an investor's friend in the investing journey.

New investors feel the pinch

Majority of the investors who have been investing in equity or in equity-related mutual funds in the past one to two years would have noticed that their portfolio is in red. Doubts would be creeping into the mind, on whether to exit and move to instruments of least or zero volatility. It is a valid thought. But then again, what it reflects is that at the time of investing, one did not look at the possibility of the portfolio going south.

And that is where the investing process needs to begin. One must have pre-set rules which can be used at times such as these, when one observes notional erosion of equity portfolio. Also, one needs to respect history. The last decade had seen the equity markets moving up by more than three times in less than 18 months and then retreating by more than 50% in less than a year. The moves, both on the upside and downside were swift, which typically does not allow time to investors to contemplate on the action to be taken. And this is where the investing process rules helps in taking action.

Only two out of 10 Indians have term insurance

By FE Bureau, Financial Express, February 25, 2019

We all know that death is inevitable, but still very few of us care about making a plan for handling the financial decisions the surviving spouse or family will need to make. Avoiding the discussion around death is understandable, but eventually, life continues, lenders want their money, and the management of assets needs to continue. Here are five tips that can help ensure a smooth transition.

Obtain death certificates

Almost all the financial institutions will require a death certificate whether you want to close accounts, claim insurance, transfer loans or sell the deceased's property or investments. Tip: Make sure the details are the same as in your spouse's Aadhaar or PAN card and get at least 10 certified copies of the death certificate.

Organise financial documents

Divide the documents into four heads: assets, liabilities, expenses and income. These include bank-related papers (savings accounts/ deposits, debit cards, credit cards), insurance (life, health, vehicle, property), investments (insurance, stocks and mutual funds, savings schemes and fixed deposits), utility bills and account numbers (electricity, gas, phone, Internet), taxation (property/ income tax), property papers, loan and EMI documents, clubs and other memberships, among others. Get a copy of your spouse's credit reports to understand all existing debts. Tip: Collect employment documents if your spouse was working. Many a time people fail to contact the employer and claim insurance and other benefits due to their spouse.

Pay your EMIs and dues on time

Make sure you create a plan to pay all your dues and liabilities on time. Some common expenses include credit card bills, insurance premiums, utility bills, mutual fund SIPs, advance and other tax dues, loan EMIs, subscriptions and membership fees, among others. Tip: Be extra cautious about the terms of credit card accounts or overdraft loans.

Contact financial institutions

One of the biggest moves that need to be made after the loss of a spouse, is informing and moving of assets from the name of the deceased person to the name of the surviving spouse. This includes everything from banks to insurers to companies where investments have been made and tax department. Tip: Hire a lawyer or a financial planner who can get these processes taken care of in a timely matter.

Change ownership or title

Every institution has its own set of rules and it is advisable to get oneself acquainted with it. Here's what you need to do: Bank account: Remove your spouse's name from any joint accounts and close any accounts that were in your spouse's name only. If you had a long-term joint account with good standing, it is a good idea to keep it open.

Insurance: Contact all the insurers that may have issued policies to your spouse which includes life insurance, auto insurance, credit card insurance, accident insurance etc. The amount can be paid directly to the nominee or the legal heir. These claims are processed quickly and can be an important source of income for you.

Besides life and health, here're some must-have insurance policies

Sarbajeet K Sen, Business Standard, January 10, 2019

If you approach a financial planner seeking advice on your finances or to review your existing financial plan, one of the first things to figure would be the extent to which you are protected against risks. So, the obvious questions would be: What are the various insurance covers in your portfolio? Are they adequate to protect you and your dear ones in the event of your demise? Have you missed out on any of the insurance covers – be it life or non-life - that each of us must have in our financial portfolio?

For many people, insurance may appear to be a financial commitment that can be postponed to a later date. The regular premiums that you need to pay may appear to be burdensome and avoidable. However, having adequate insurance protection against the exigencies of life may be one of the wisest decisions you can take for a financially secure future. Of course, it does not mean that all covers need to be bought.

The two most important ones are health cover and life cover, preferably term insurance. In general, a base health cover of Rs 5 lakh, and Rs 15 lakh top-up or a super top-up from another insurer should be sufficient. The cover can be increased as one ages since the possibility of higher medical expenses become more likely.

Similarly, a life cover with a sum assured of 10 times of your annual income should be the minimum one should consider. Thus, if one is earning an annual salary of Rs 5 lakh, the minimum life cover should be of Rs 50 lakh. "A person should have a healthy mix of life insurance policies. The most important of this is a term insurance plan, which is pure protection. After having purchased a term plan with enough sum assured, one can consider buying an endowment plan for the savings element involved. A small exposure to ULIPs for the long-term can get good returns," says Rahul Agarwal, CEO, Ideal Insurance Brokers. Besides these two important ones, there are some more that you should have. These include:

Child insurance plans: Once a family expands with children coming into one's life, parents should consider purchasing child plans. These plans invest for the higher education of the child and help build a large corpus over time. With the rising cost of education, setting aside a sum for purchasing a plan for each child will come handy for future. A premium waiver option that triggers off in case of untimely demise of earning parent will be of great help to the child when the payout happens at age 18.

Pension plan: The earlier you plan for your retirement years, the better. Pension plans of insurance companies provide a good option to create a stream of income during retirement years. "A person should have an investment in a pension to secure his/her post-retirement life. During the golden years of life, a pension/retirement plan is a must so that you can enjoy every moment of that golden period," says Naval Goel, CEO, PolicyX.com.

Home Insurance: If you have bought a home, which would be one of your largest single investments in life, do protect it by buying insurance protection. Buying home insurance would ensure that in case of an untimely demise, your near ones are not left in the lurch and can pay off the home loan through the insurance cover.

PAIN POINTS

Status	Insurance Types				
	Age Bracket	Heaith	Life/ Pension Plans	Motor (If Having a Vehicle)	Home (If Purchased)
Single	22-30	Yes	-	Yes	Yes
Married		Yes	Term insurance	Yes	Yes
Married, with Children	30-45	Yes	Term, Child and Pension Plan	Yes	Yes
	45-60	Yes	Term/ Child/ Pension Plan	Yes	Yes
Married, butless responsibilies/ dependents	60 & Above	Increase the cover	Reduce life cover	Yes	Yes

What are debt mutual funds and what is the credit risk involved

By BhushanKedar, Financial Express, January 2, 2019

Investors should, however, understand that these are MTM products and, thus, exposed to market risk. Further, investors should avoid concentration of the risks identified.

While the recent rating downgrades and ensuing liquidity crisis may have caused some nervousness, investors should not get swayed but look at the portfolio of the underlying funds to map their risk-return profile.

Debt mutual funds have emerged as a strong investment alternative to traditional fixed income instruments. The ability to generate mark-to-market (MTM) returns and indexation benefit for an investment horizon of over three years have catapulted these funds higher on the popularity chart than the traditional favourites–fixed deposits. Numbers corroborate this trend: debt mutual fund folios as a percentage of total individual investors folios increased to 14% in September 2018 from 7% in September 2009. While the recent rating downgrades and ensuing liquidity crisis may have caused some nervousness, investors should not get swayed but look at the portfolio of the underlying funds to map their risk-return profile.

What are debt funds?

Debt mutual funds are professionally managed, market-linked products that invest in money market instruments, bonds and government securities. There are several products within the category to cater to different risk-return profiles and investment horizon.

However, since these are MTM products, they are subject to certain risks, which are detailed below. Investments in debt mutual funds are subject to three primary risks–interest rate, credit and liquidity risks. Interest rate risk is sensitivity of a fund's portfolio value to the changes in the interest rate. It is measured by modified duration. Typically, higher the fund's duration, more it is exposed to the interest rate risk. In fact, rise in interest rate adversely impacts long duration debt instruments. Long maturity/ duration funds such as gilts are more exposed to this risk than short maturity funds such as liquid, ultra-short and short duration funds.

For instance, gilt funds gained nearly 15% on an annualised basis in the declining yield phase of 2014-16 and gained only 2.2% on an annualised when yields trended up recently. Moreover, selection of funds is important in the duration play as performance can vary widely based on the fund managers' view on the interest rate trend. For instance, when yields sharply corrected in 2008, absolute returns of funds in the category varied widely from a low of 1.3% to a high of 38.6%. Hence, long maturity funds require more tactical calls for investors compared with short maturity funds.

Credit risk

Credit risk is the risk of default in payment of coupon and/or principal by an issuer. Lower the credit rating, higher the credit risk. For instance, a downgrade from AAA to AA for a security that accounts for 10% of the portfolio can shave 53 basis points (bps) off the returns, compared with 11 bps points for a 2% exposure. Investors can limit these risks by choosing well-diversified funds with higher exposure to high credit rating papers (AAA/ A1+).

Liquidity risk is the risk the fund is exposed to in liquidating the invested assets in case of dire circumstances. Analysis shows that the liquidity risk increases as the rating of the invested instruments goes down. Thus, investors can reduce this risk by investing in funds with a higher rating. Based on Sebi's current classification, there are more than eight debt fund categories to choose from based on one's risk-return profile and investment horizon. Investors should, however, understand that these are MTM products and, thus, exposed to market risk. Further, investors should avoid concentration of the risks identified. Lastly, investors can also monitor information available in the public domain such as financials, corporate news, issuer equity price movement and data on intra-month trades / intra-scheme trades of the issuers in the portfolio to keep abreast of any risks. In a nutshell, debt mutual funds are safe, but not risk-free.

Systematic withdrawal plan – your old age companion

BusinessLine, 5th February 2019

Pension is always the primary source of income for most retirees. Those who own property also manage to earn an additional income through monthly rent after retirement. Systematic Withdrawal Plans (SWPs) can be your old age companion too if you invest well when young. SWP is the opposite of SIP (Systematic Investment Plan). It can help you withdraw your retirement income just like a monthly income scheme. The only difference is that you get to set the monthly amount. The onus of the amount you draw each month through SWP is on you.

Here are the top 3 reasons why SWP can be your post-retirement buddy:

Stable post-retirement income

In a Dividend plan, Dividends are declared by Mutual Fund schemes. However, the pay-outs are neither fixed, nor guaranteed. If there are no realised gains, there will be no Dividends at the end of the month. SWP offers you a definite cash fl ow at your pre-determined time period. Therefore, it can ensure that you live your regular life even after your retirement. Say, you took your family out for trips every year when you were working. You can continue this even now – Regular Tha, Regular Rahega!

Better than Annuity

Annuity and Mutual Funds (through SWP) are based on the same principle of fixed income. However, annuities are Taxable. They cannot give you inflation adjusted returns. Further, you cannot change your withdrawal amount in annuity. If you invest your money in Mutual Funds, you can choose your suitable SWP. You can change your SWP amount. You can choose assets that can offer you returns over and above inflation. Further, you don't have to pay any Taxes if your Long Term Capital Gains (LTCG) is below Rs.1 Lakh.

Tax benefits

The 2018-19 budget introduced 10% Dividend Distribution Tax (DDT) on dividends distributed by Equity Funds. Therefore, those who have opted for a regular dividend option in Equity- based Funds will pay more Tax. SWP is an alternative which can be used to avoid DDT on your retirement income. Here, you can avoid Tax if the LTCG on your SWP amount is less than Rs.1 Lakh. Therefore, the SWP route is more Tax efficient than the dividend route.

Give MF investments the space and time to grow

By VSRK Wealth Creator, DNA Money, 14 February 2019

Before investing in mutual funds one needs to understand the fundamentals of investment, planning and goals which one is seeking to achieve. It may be for your post-retirement life, education of your child or just to save tax. Let us look at some basic tips one can follow while investing in MFs.

Avoid taking advice from family or friends

The basic mistake one does while investing their hard earned money is to take advice from family and friends, who may not have knowledge about financial sector. This multiplies the risk and does not help get profitable results. The general tendency of humans is to follow trends. Whatever is trending and eye-catching, people tend to lean towards that.

Imagine taking advice about cardiac surgery from your uncle who works for a supply-chain restaurant. Will it be feasible? One should take advice from financial advisors who can give you mature suggestions based on your financial targets.

People often listen to advice from family or friends and invest in Fixed Deposit for tax benefit without realising that the lock-in period is for five years. Whereas in debt funds there is no lock-in period. The investor can exit at any point in time by paying short-term capital gain. One can also invest in Fixed Maturity Plan (FMP) where the return is around 9 to 9.5%, which is higher than that of Fds.

Be a long-term investor

If you are looking for short-term benefits, MFs are not for you. One has to be patient enough for the holdings to convert into a valuable asset. As soon as an investor invests in MF, he immediately starts tracking financial news on a daily basis to check what is the situation of his investment. But this is not advisable.

The market does not fluctuate on an hourly basis until and unless there is an international crisis. It is advisable to invest and forget about it and to give your investments space and time to grow. Understand that the maximum return in long-term investment is around 160% and the minimum is -57%. Long-term investments tend to give higher returns, but are sensitive to interest rates.

Controlling emotions

Investments needs a lot of settlement in terms of emotions. Investors should never panic if they don't get the desired results. Investment is the same as planting a shrub, it takes years or decades to grow a small plant into a big tree. So be tolerant and learn to trust your instincts. One should never compare profits from their investments with others. Because the time when the fund was bought plays a crucial role in the results.

Know your objectives

We invest seeking benefits at some particular point in life. Before buying MFs one should always be clear in one's mind as to what the goals are. Investors need to understand the objective behind any investment. Before choosing a fund one should be aware about the risk tolerance. Choosing the right fund is an important factor which affects the growth. One should also learn to ignore the noise in the market and be patient. If one is looking for short-term investment then choose from liquid funds, credit risk funds or equity saving funds. This helps diversify the portfolio. If one is investing in pure equity, then don't check the portfolio before three years.

Investments are important because today, mere earnings are not enough. If one wants a worry-free life, one should understand the power of investment. Investments are a way to fulfill your dreams and goals. But before entering the world of investment, understand basics. Be clear about how to invest, where to invest and in what to invest. These basic tips will help you reach your desired goals.

Mutual funds: Shift towards non-debt asset classes

By Madan Sabnavis, Financial Express, February 6, 2019

The share of equity and balanced schemes have increased over the years, which were earlier dominated by debt schemes.

The top five sectors where equity MFs deployed their funds in March 2018 have remained constant since March 2014.

The Indian mutual fund (MF) industry has shown an impressive growth, especially in the last two decades, not just in the scale of assets under management (AUM) but also in terms of number of folios. The size of the industry almost doubled in the past three years (from Rs 10.8 lakh crore in FY15 to Rs 21.8 lakh crore in FY18) and quadrupled in the past 10 years (Rs 5.1 lakh crore in FY08). As on December 2018, the Indian MF industry had a total of 803 lakh folios, out of which 76% were of equity/growth oriented schemes, 14% of debt/ income oriented schemes, 8% of balanced schemes and remaining 2% of Exchange Traded Funds (ETFs) and fund of funds investing overseas.

The AUM grew at a CAGR of 27% from FY14 to FY18. In FY19, AUM grew to Rs 22.85 lakh crore as of December 2018, registering 7% growth over March 2018. Scheme-wise resource mobilisation Debt and equity schemes today cumulatively account for 86% of the total AUMs, while the rest comes from balanced, ETF and fund of funds investing overseas.

The share of equity and balanced schemes have increased over the years, which were earlier dominated by debt schemes. Debt schemes have seen a fall in share from 73% in FY14 to 53% in FY18. At the same time, share of equity schemes has increased from 23% in FY14 to 35% in Fy18. Share of balanced schemes has also risen from 2% in FY14 to 8% in FY18. This shows the movement of funds towards non-debt asset classes.

The fall in share of debt schemes continued in FY19 (up to December 2018), where share of debt, equity and balanced schemes were ~50%, 37% and 8% respectively (compared with 53%, 35% and 8%, respectively as of March 2018). In fact, FY19 (up to December 2018) has remained a positive year for equity schemes (net inflow of Rs 0.9 lakh crore), ETF schemes (net inflow of Rs 0.26 lakh crore) and balanced schemes (net inflow of Rs 0.12 lakh crore). However, debt schemes witnessed net outflows worth ₹0.42 lakh crore during the year. Deployment of funds by MFs There has been a steady shift towards corporate debt paper, which includes floating rate bonds, non-convertible debentures, etc.

The share of this instrument in total funds deployed by debt MFs, was up from 21% in March 2014 to 38% of total debt AUM in March 2018. Total exposure to this instrument in December 2018 stood at Rs 4.5 lakh crore. Investments in commercial paper (CP) rose from 15% of total debt AUM in March 2014 to 24% in March 2018. As of December 2018,debt MFs invested Rs 3.8 lakh crore in CPs, compared with Rs 3.06 lakh crore in March 2018. July 2018 witnessed a peak in investments in commercial papers, due to increasing allocation to NBFC sector.

Equity MF: The top five sectors where equity MFs deployed their funds in March 2018 have remained constant since March 2014, except for a new sector–finance– being included while replacing auto sector. Deployment of funds in the finance sector has risen over the past five years and as of December 2018, it attracted the second biggest deployment of funds by equity MFs. On comparing the deployment of funds in top 10 sectors in December 2018 with March 2018, a rise in share was witnessed in sectors such as bank, software, consumer non-durables, pharmaceuticals and petroleum products. Deployment of funds by debt MFs has undergone a major shift in the past five years, in terms of increased allocations to instruments such as corporate debt, commercial paper and reduced investments in certificates of deposit.

Planning to invest in mutual funds? Avoid these common mistakes

By Sarbajeet K Sen, Business Standard, February 20, 2019

In fact, equity mutual fund investors should exploit such opportunities by topping up their existing SIPs with fresh lumpsum investments in a staggered manner

Reports suggest that inflows into equity mutual funds, which saw huge investor interest during the past few years due to rising stock indices, have fallen for the third straight month in January 2019. Equity fund inflows, including tax-saving funds, stood at a two-year low of Rs 6,158 crore in January.

While volatility and the relentless dip in indices may be unnerving for the ordinary investor, stopping the systematic investment plan (SIP) in a knee-jerk reaction isn't the best idea.

Stopping SIPs:

"Volatility is an inherent feature of the equity market, but as an asset class, it beats others and inflation by a wide margin over the long term. Those with existing SIPs should continue with them as that would average their investment cost and help them reap higher returns over the long term," says Naveen Kukreja, CEO & Co-founder, Paisabazaar.com.

In fact, equity mutual fund investors should exploit such opportunities by topping up their existing SIPs with fresh lumpsum investments in a staggered manner. "Historically, equity fund investments made during bear markets have registered disproportionately higher returns than those made during bull markets. Hence, investors should make the most out of the bear market phases by raising investments," says Kukreja.

Kaustubh Belapurkar, director, fund research, Morningstar agrees. "Market downturns are always a good opportunity for investors to top up their investments, especially if they are under -allocated to long-term investment classes like equities and equity mutual funds. Investors should use these opportunities quite actively as this will pay off handsomely in the long run," he said.

HOW SIPs WORK

An investor does an SIP of ₹10,000 each month for seven months in anequity fund. Due torupee-cost averaging, the investor after seven months would have accumulated 706 units (investment = ₹70,000). A person investing a lump sum of ₹70,000 in February would get 700 units.

No. of SIPs	Month	Fund NAV	No. of units (amount invested/NAV)
1	August	100	100
2	September	105	95.23
3	October	90	111.11
4	November	110	90.9
5	December	98	102
6	January	93	107.52
7	February	100	100
	Total	**696**	**706.76**

Getting flustered by short-term movements:

If you are one of those equity mutual fund investors who gets unnerved by short-term volatility, you are committing a mistake. To make the most of your equity mutual fund investments, you should have the patience and strength to ride out short-term volatility. "Focusing on short-term performance, rather than looking at longer-term returns is a common mistake investors commit during bear phases of the market. It is also not wise to redeem the equity investments, which are meant for the long term," says Belapurkar.

Timing the market:

The equity market is full of uncertainty and risk. Even the most seasoned investors would find it tough to catch the bottom or predict the top. If you are trying to time the market for entry or exit, the chances are that you would more often than not be caught on the wrong foot.

"Investors should not try and time the market. You could be caught on the wrong foot," says Vijay Kuppa, co-founder, Orowealth. Thus, if you pull out money and the market suddenly picks momentum, you would lose the opportunity to make gains. Hence a systematic approach towards investing is the best way to create wealth.

Messing with asset allocation:

Investment experts say investors should avoid the mistake of panicking in situations where the fund portfolio value continues to shrink on account of sliding stock market and shift their investment into safe instruments with low returns. "Market downturns are always a good time for investors to relook at their portfolios and rebalance the portfolios to match their desired asset allocation as per their risk-return objectives. However, one should not move all investment into risk-free assets in a hurry. There is no need to get excessively defensive or aggressive at such time. Keep your ideal asset allocation in mind and stick by it," Belapurkar says.

Kuppa advises review and rebalance of the portfolio. "Rebalancing is important. It is important to get the asset allocation right. Many investors would have allocated exposure to mid- and small-cap funds based on the recent performance of these categories and without taking into account the risk profile. The rebalancing can be done based on one's overall investment objective and time horizon," says Kuppa.

FINANCIAL PLANNING WORKSHOPS

NISM, in association with PGP Academy, has organised two programs on Financial Planning and Wealth Management for the Financial Advisors. The programs were held in Bhubaneshwar with 44 Participants and Kolkata with 35 participants on 8th March 2019 and 11th March 2019 respectively.

Retire a crorepati! Simple ways to ensure financial independence post working age

By Arun Thukral, Economic Times, 5th March 2019

Retirement is a reality for everyone. Most millennials tend to think that retirement is a long way off, and they do not need to plan for it. Putting off retirement planning, thus, sets an individual up for financial stress in the later years of life. If you want to be financially independent when you stop earning and have enough resources to lead a comfortable life, then you must start planning for your retirement at the earliest.

Depending on pension or funds accumulated in provident funds might not be enough for your financial independence. You should look at ways to build a corpus for retirement via regular investments.

There are various ways for an individual to invest in order to plan for his/her retirement. Public provident funds (PPF), National Pension Scheme (NPS), investing in direct equity and mutual funds are some of the important investment avenues that can be looked to create a retirement corpus. The decision of where to invest should be guided by your age, return expectations and risk appetite.

So, how should you plan for retirement? Below are a few simple steps:

Start Early: The first and most important step is to start early. Let's say you start earning at 25 and retire at 65. A simple investment of Rs 5,000 per month for 40 years at 12 per cent expected return can build you a corpus of almost Rs 6 crore. However, with a delay of 5 years, the final corpus would be around Rs 3.25 crore (almost half). It is, therefore, important to start investing at an early stage, even if a small amount, and to invest regularly. You can keep increasing the amount of investment and then see the power of compounding do its magic.

Decide the quantum of funds needed: While planning for retirement, investors often ask, how do we arrive at a retirement corpus? Based on your lifestyle, you can decide how much money you would need to meet expenses annually post retirement. Multiply this figure by 20, taking the life expectancy to be 85 years and retirement age be 65. This is the amount you would need at the time of retirement.

You can use various online tools, available which would also take into consideration several other factors like inflation, risk appetite, by what percentage you would like to appreciate your lifestyle post retirement etc.

Select the right investment option: PF has emerged as a popular investment option to accumulate funds for retirement. Most investors either invest in PF independently or through their employers. If you have a PF or PPF account, project the savings you would accumulate at the time of of retirement. Deduct this amount from the figure you arrived at above. To accumulate the remaining amount, you need to plan your investments. You can keep a diversified portfolio of investments based on your return expectations and risk appetite.

Let's take an example of Mr X, who is currently 30 years old and is planning for his retirement (at the age of 60 years). His fund requirement at the time of retirement is Rs 5 crore. Mr X has a monthly salary of Rs 85,000.

Now let's assume a couple of options available with him:-

Option 1 : The safest way to plan for retirement is to invest in PPF. In order to create a portfolio of Rs 5 crore by the age of 60, he needs to invest Rs 29,000 per month (total investment of Rs 1 crore in 30 years) in PPF, which is too high considering his salary and his daily expenditure.

Option 2: To reach his target with lower investments, it becomes important for him to diversify among low and moderate risk instruments.

Now, let's say, he invests Rs 8,000 per month in PPF, which will help him to garner Rs 1.4 crore at the end of 30 years. To get the remaining Rs 3.6 crores, he can look at NPS and mutual funds. If he invests Rs 5,000 in NPS (low to moderate risk, the average return of 12% per annum), he would have an amount of Rs 1.75 crore in 30 years.

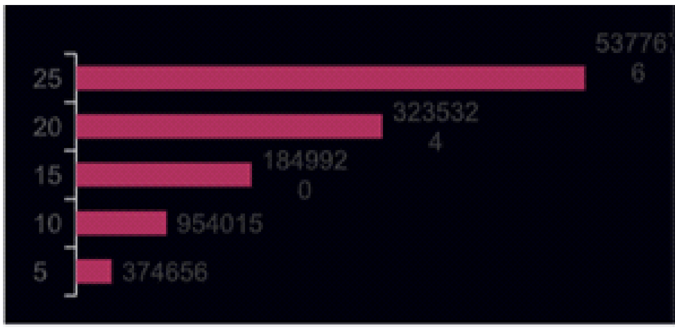
For the balance Rs 1.85 crore, Mr X can invest in mutual funds (moderate to high risk, the average return of 15% pa). He has to invest around Rs 2,500 per month to achieve the goal. With this diversified approach, the total investment amount comes to Rs 15,500 (total investment of Rs 56 lakh) in 30 years, which is almost half of the earlier investment requirement of Rs 29,000 per month. The investor can vary the proportion of these investments based on risk appetite.

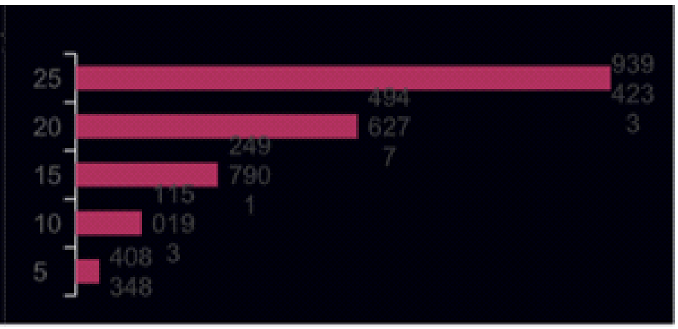
Below is the comparison of investment among various investment options for creating a corpus for retirement with a monthly investment of Rs 5,000.

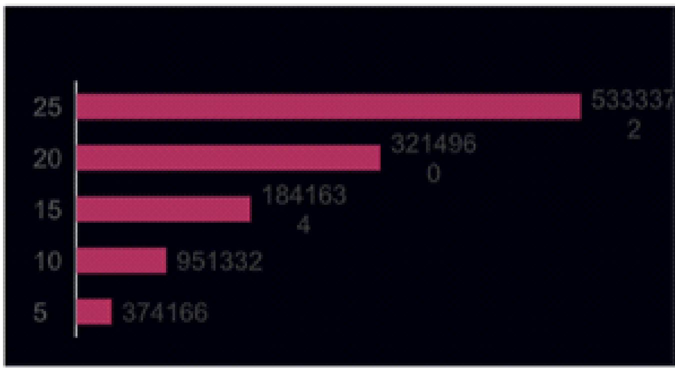
Apart from retirement planning, investment in PFs, NPS and mutual funds can help an individual save income-tax as well. An amount of Rs 1.5 lakh per annum is exempted under Section 80C, which can be invested in PFs and equity-linked savings scheme (ELSS, these are certain income tax-free mutual funds) and an investment of Rs 50,000 in NPS is exempted for income tax.

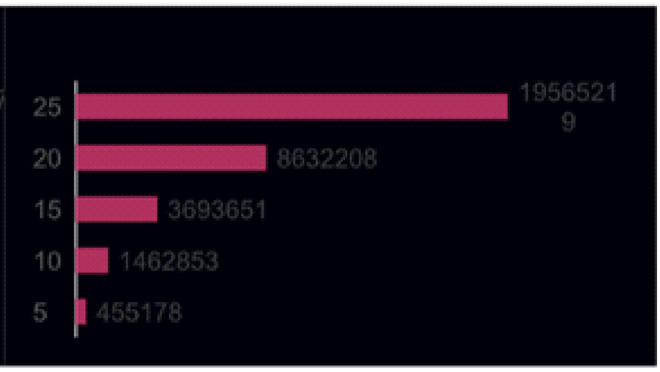
There comes a time in our life when we cannot pursue gainful employment due to age factor. Retirement, thus, becomes an inevitable life event. Best we can do is to plan our finances well enough to enjoy this stage as well.

To succeed in this endeavour, keep in mind that retirement planning is a long-term process. There is no need to get bothered by the short-term deflections. Be patient and stay true to your retirement plan to reap its benefits in golden years of life.









*EPF & PPF guaranteed return @8.7% & 8.75% respectively

*NPS & Mfs, return assumed @ 12% & 15% respectively; subject to market risk

Smart investors wait for right time to ensure optimum returns

By Rachit Chawla, Financial Express, March 6, 2019

The world of investments is too diverse and risky to make a mistake and then stabilise back to the normal self. While short-term investments are always encircled with high risks, long-term options offer easier and safer investment plans to stick with. But, the question arises here, is value investing a good idea for people who look enduring returns from their investments?

What is value investing?

Before understanding what is value investing, one should keep in mind that its biggest proponent in present times is no other than the world's third-wealthiest person and one of the most successful investors in the history of Finance, the great investment wizard, Warren Buffett.

The philosophy of this investment genius revolves around value investing that helped him to secure a net worth of $84.9 billion as of February 12, 2019. He once said, "In the business world, the rear-view mirror is always clearer than the windshield." From this very small and simple quote, one can easily understand the concept of value investing; a criterion which is quite different from the popular and conventional approaches of investment.

Why value investing?

The performance of mediocre students often astound teachers when they meet them after a long time; similar happens is the case with value investment when stocks which seem less valuable are given preference over the stocks which are the hot favourite among most of the investors.

So, value investing is foresightedness rather than forecasting because assuming the future of a company on the basis of its past and present performance is much easier than predicting the future of the market.

Value investing negates the concept of trend investing where investors emotively follow stars, the performers that lure the majority with their fast growth and high returns. But, slow, steady, and win the race is the pragmatic tactic of value investors who give preference to cash cows or stars.

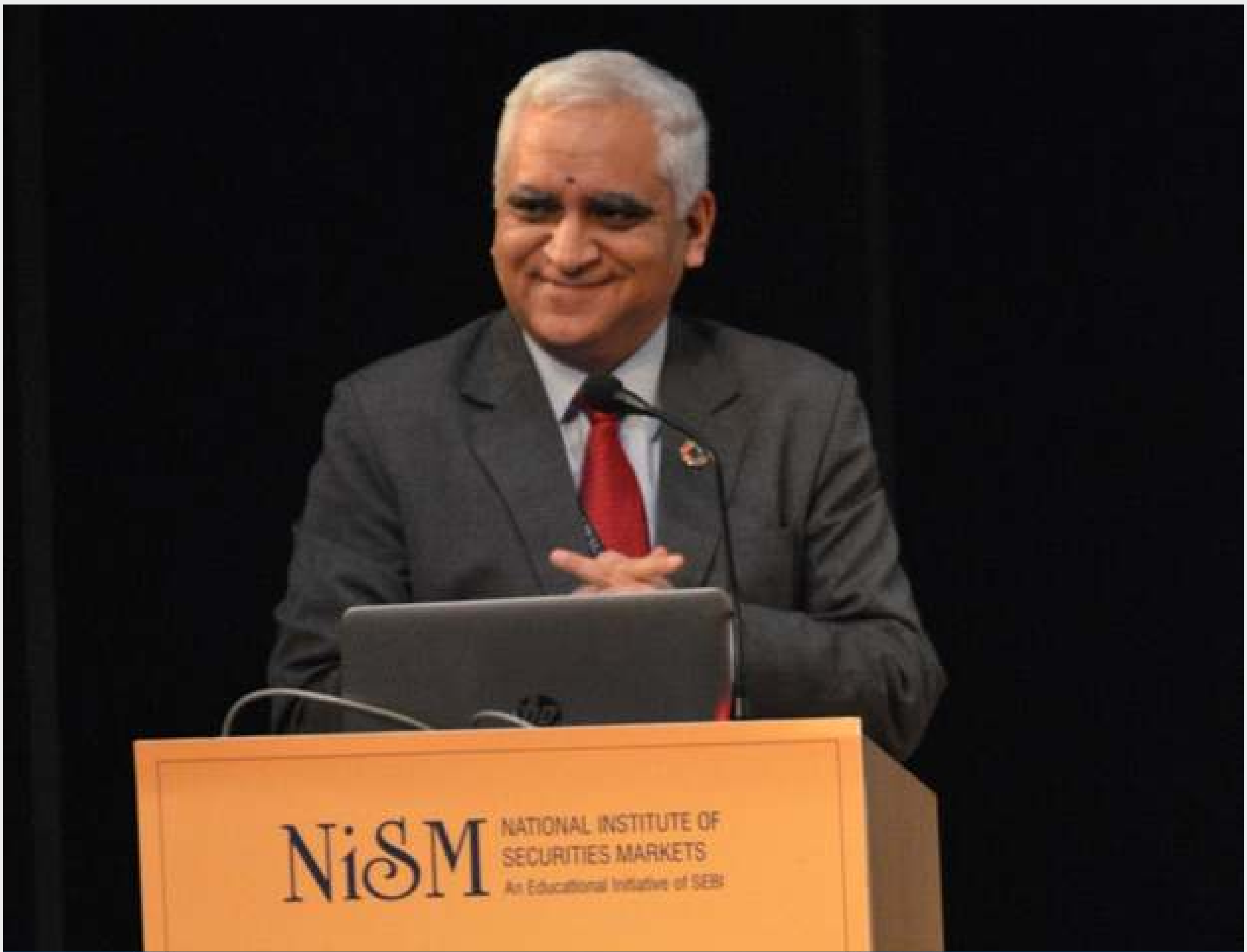
Know the company, not just stocks

Individuals must understand that investment is not about striking the gold at one go with your luck but carefully making judgments that deliver lucrative finance results for years to come. As half-cooked food can never offer great taste and aroma, an investment plan or option cannot generate great returns in the short-run.

That is why patience and temperament are the most valuable qualities of an intelligent and smart investor who waits for the right time to ensure optimum returns from the investment.

Herewith, apart from extensive knowledge and experience of the market, one should also be very much familiar with companies whose stocks seem interested to him/her. Everything, from the leadership of the company to top management and its vision to service policies, the investor must have hawk's eyes on every crucial activity which is going inside the organization and may directly or indirectly influence the growth of the company. The long-term value of a company's stocks is not solely dependent on the balance sheet or P&L account. The value of the stock depends on so many tangible and intangible things that help to envisage how much appreciation is expected after a specific period in the future.

The writer is founder & CEO, Finway



Shri Ashwani Bhatia, CEO of SBI Mutual Fund addressing the
First Alumni Meet at NISM Patalganga Campus

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