Prof G Nageswara Rao, Vice Chancellor, Andhra University, lighting the lamp during the inaugural function of National Seminar on Capital Markets, Mutual Funds and Career Opportunities jointly organized by NISM and Aditya Birla Mutual fund at Andhra University Campus

Panel Discussion on 'Role of Investor Education in Mutual Fund Penetration

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NiSM NATIONAL INSTITUTE OF SECURITIES MARKETS
An Educational Initiative of SEBI

INVESTOR EDUCATION update

Volume 3, Oct - Dec 2017

Shri Sandip Ghose,
Director, NISM addressing the participants of the Mutual Fund Distributors Summit held during Dec 01-02, 2017

Contents

Editorial

The year 2017 left us with a euphoria note on performance of securities market in India. The bench mark indices BSE Sensex and NSE Nifty ended with excellent gains. On a calendar year basis, BSE Sensex gained 27.91 per cent to close at 34,056.83 points while NSE Nifty gained 28.66 per cent to close at 10,530.70 points. The investors became richer by Rs 45.50 lakh crores in 2017, as the market capitalization of BSE listed companies soared to Rs 1,51,73,867 crores ($ 2.3 trillion).

The year 2017 turned out to be the best year ever for the IPO market with 36 companies raising Rs 67,147 crore from the primary market. Apart from this, Rs 74,940 crores was mobilized by companies through offer for sale.

The SME segment also performed very well in the market. The year 2017 witnessed a record 126 SME IPOs mobilizing 1700 crores. The BSE SME index rose by 88.9 per cent, while NSE SME Index grew by 67 per cent.

The mutual fund industry saw its assets soar to over Rs 22 lakh crores in 2017, adding more than Rs 5.4 lakh crores to the kitty, on strong participation from retail investors. The AUM of all the fund houses put together increased by 32 per cent in 2017 to touch Rs 22.35 lakh crores at the end of December 2017 from 16.93 lakh crores in December end 2016.

The retail investors have started participating in mutual fund through the Systematic Investment Plan (SIP). The year saw impressive growth of new enrolment in SIPs, and the total SIP accounts have reached a whopping level of 1.80 crores, reflecting a behavioral change among Indian investors to take the route of mutual funds for wealth creation.

Demonetization effect, decline in interest rate on bank deposits, shift from physical to financial savings, and increasing initiatives on enhancing investor awareness have all added to the factors for this substantial growth in the mutual fund industry.

Let us hope that with the efforts of all stakeholders, the growth momentum will continue in the year 2018 also.

Prof K Sukumaran
Dean

NEW SMALL SAVINGS RATES

Instrument	Interest rate for Oct-Dec, 2017	Interest rate for Jan-Mar, 2018
3-year time deposit	7.1	6.9
5-year time deposit	7.6	7.4
5-year recurring deposit	7.1	6.9
5-year Senior citizen savings scheme	8.3	8.3
5-year monthly income account	7.5	7.3
5-year national savings certificate	7.8	7.6
Public Provident Fund scheme	7.8	7.6
Kisan Vikas Patra	7.5	7.3
Sukanya Samriddhi Account scheme	8.3	8.1

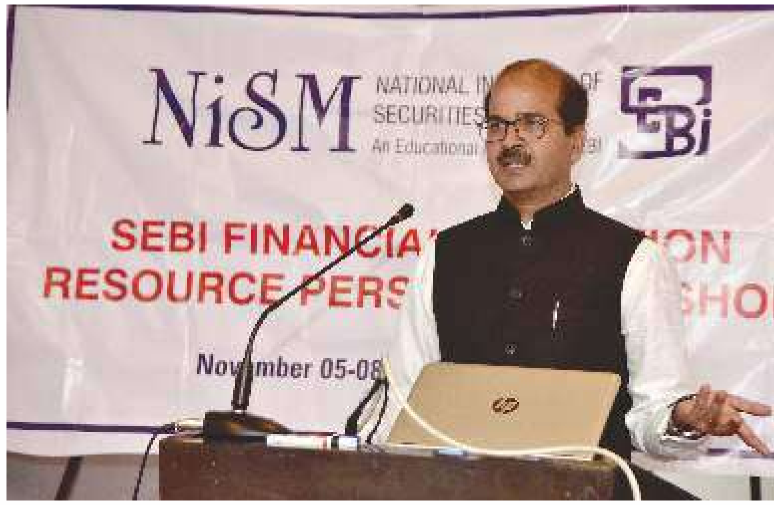
SEBI FINANCIAL EDUCATION RESOURCE PERSONS EMPANELMENT PROGRAM

During the third quarter of the financial year 2016-17, NISM has organized two programs for empaneling SEBI Financial Education Resource Persons. The program at Trichy was organized for SEBI Southern Region during the period October 28 – Nov 01, 2017, wherein 28 new resource persons were selected for empanelment. The empanelment was exclusively organized for the districts in southern region where the resource persons were not there. The newly empaneled resources were provided with Training of Trainers Program, enriching them with the necessary knowledge in personal finance domain.

The program at Trichy was inaugurated by Shri B Rajendran, Regional director, SEBI, Southern Region. Prof K Sukumaran, Dean, NISM, Mr. Kuldeep Thareja, Sr Manager, NISM, Shri K S Rao, Vice President, Aditya Birla Sunlife Mutual Fund, Mr. A. Vijayan, AGM, SEBI etc. handled various sessions.

The empanelment program at Ahmedabad for SEBI Western Region was organized during Nov 04-08, 2017.

There were 55 new resource persons empaneled and all were provided with four days class room training on various aspects of personal finance. Shri Santosh Shukla, Regional director, SEBI Western Regional Office inaugurated the program at Ahmedabad. Shri Anindya Das, Dy GM, SEBI, Mr. Arvind Kumar, AGM, SEBI, Mr. Harish Banker, Manager, SEBI, Mr. Bhupal Kidrapure, Manager, SEBI, Mr. Ruchit Shah, Aditya Birla Sunlife Mutual fund, handled sessions besides Prof Sukumaran and Mr. Kuldeep Thareja from NISM.



SEBI Financial Education resource persons empanelment workshop

Workshop at Trichy, Oct 29 - Nov 01 , 2017

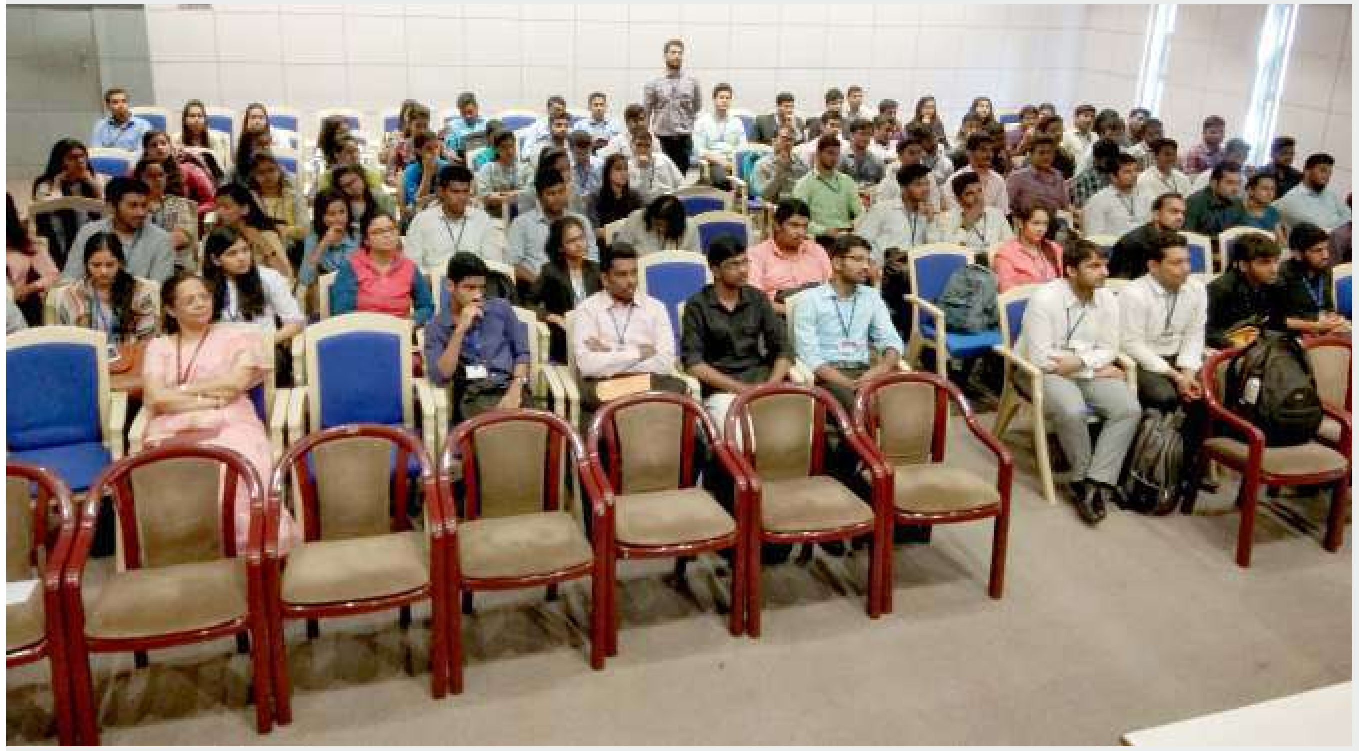
Workshop at Ahmedabad , Nov 05-08 , 2017

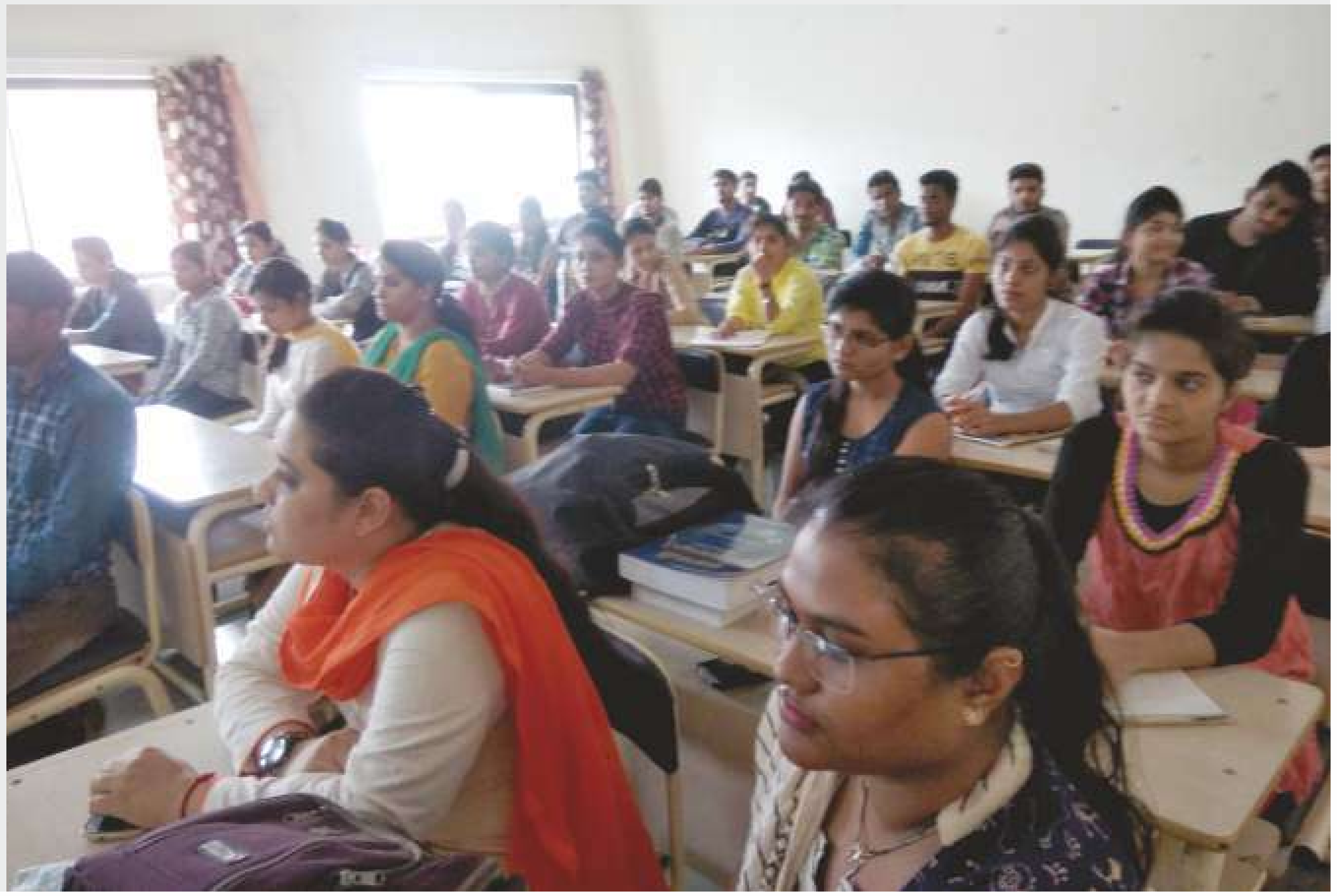
Investor Education Programs

NISM has organized sixteen programs on Investor Education at various colleges throughout the country, benefitting 1273 participants. These include 12 programs in western region and four programs in southern region.

Sl No	Dates	Venue	No. of Participants
1.	October 9, 2017	Shri Guru Sandipani Institute Of Technology & Science, Ujjain	74
2.	October 9, 2017	Alpine Institute Of Management, Ujjain	60
3.	October 10, 2017	Amity Global Institute Of Business, Indore	75
4.	October 23, 2017	Gitam Institute Of Management, Vishakhapatnam	72
5.	October 24, 2017	Aditya Degree College, Rajahmundry	120
6.	October 24, 2017	Aditya Global Business School, Kakinada	95
7.	October 25, 2017	Andhra University, Visakhapatanam	110
8.	November 3, 2017	Nirma Institute Of Management, Ahmedabad	84
9.	November 7, 2017	Dept Of Commerce, Nirma University, Ahmedabad	71
10.	November 13, 2017	Hirachand Nemchand Institute Of Management, Solapur	82
11.	November 24, 2017	Sher Academy, Yavatmal	98
12.	November 25, 2017	Jajoo College Of Management, Yavatmal	60
13.	December 8, 2017	Maharishi Institute Of Management, Bhopal	54
14.	December 9, 2017	RKDF University, Bhopal	84
15.	December 13, 2017	Itm Business School, Kharghar Navi Mumbai	74
16.	December 19, 2017	Kirloskar Institue Of Advanced Management And Research, Dhamane, Pune	60
		Total	**1273**

Investor Education Programs





Aadhaar, Bank A/c can be linked by March 31

EconomicTimes, 13 December 2017

NEW DELHI: Bank accounts holders will have three more months to link their account with Aadhaar number, with the government extending the deadline to March 31, 2018. The earlier deadline was December 31. Those opening a new bank account will have maximum six months to seed their account with the 12-digit unique identification number, the finance ministry said on Wednesday.

The accounts will cease to be operational if Aadhaar number and Permanent Account Number (PAN) are not submitted by the new timelines given, the ministry said in a statement. The relaxation comes a day before a five-judge bench of the Supreme Court will hear a plea seeking stay on mandatory linking of Aadhaar with bank accounts, mobile phone numbers and various government schemes.

Ajay Bhushan Pandey, CEO of Unique Identification Authority of India that issues Aadhaar, said the extension has been provided on people's request. "People had represented to the government that they need more time for the linking so we want to make sure that there is no inconvenience," he said. Pandey said the extension is valid not just for bank accounts but for all financial accounts. "This is for everything, be it postal accounts, PPF, insurance, mutual funds, etc." However, the February deadline for linking mobile phone number remains since it's a Supreme Court order.

The finance ministry in its statement said, "After considering various representations received and inputs received from banks, it has been decided to notify 31st March, 2018 or six months from the date of commencement of account-based relationship by the client, whichever is later, as the date of submission of the Aadhaar number, and Permanent Account Number or Form 60 by the clients to the reporting entity."

Earlier in the day, the government amended Prevention of Money-laundering (Maintenance of Records) Rules, 2005 to withdraw the December 31 deadline for linking Aadhaar with bank accounts and give itself freedom to notify a new date. It replaced the rule "submit the Aadhaar number and Permanent Account Number by 31st December, 2017" in the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 with "submit the Aadhaar number, and Permanent Account Number or Form No. 60, by such date as may be notified by the central government".

The extension will be available to all type of transactions covered by the PMLA for which Aadhaar had been mandated. The prevention of money-laundering rules mandate banks and FIS to take PAN and Aadhaar for opening a bank account as well as for any financial transaction of Rs 50,000 and above. People who have moved the SC against Aadhaar say government assurances are not enough and no coercive action should be taken on either linking Aadhaar or insisting on it for availing social security benefits

Bitcoin regulations in India

Vivina Vishwanathan
Livemint 21 December 2017

Although the RBI advises caution on its use, bitcoin is not illegal in India. Cryptocurrency exchanges operate freely and hence we can say that bitcoin is legal.

Last week, income tax department surveyed the major bitcoin exchanges in India. The survey reports said, this was done to collect information about transactions and check whether there was a risk of tax evasion. This week, it was reported that the income tax department is set to issue notices to about 5,00,000 high net worth individuals trading on the exchange across India. This comes at a time when there are still no clear regulations on cryptocurrencies and bitcoin exchanges.

Although the Reserve Bank of India (RBI) advises caution on its use, bitcoin is not illegal in India. Cryptocurrency exchanges operate freely and hence we can say that bitcoin is legal. So, if it is a legal entity, why is there silence on its regulation? Also, who is responsible for regulating it?

The RBI has so far issued three notifications pertaining to bitcoin and other virtual currencies (VC). In all these, starting December 2013, the RBI has cautioned users, holders and traders on the risk of these currencies and clarified that it has not given any licence or authorisation to any entity or company to operate such schemes or deals . In a December 2013 notification, the RBI said, "The creation, trading or usage of VCs including Bitcoins, as a medium for payment are not authorised by any central bank or monetary authority. No regulatory approvals, registration or authorisation is stated to have been obtained by the entities concerned for carrying on such activities." Other than cautioning the public, the RBI hasn't taken any regulatory stance on virtual currencies yet.

After repeated cautionary circulars from the apex bank, in April 2017 the government set up an inter-disciplinary committee–chaired by special secretary (economic affairs)–to examine the existing framework of virtual currencies.

The committee was supposed to submit its report within 3 months. The committee was set up to take stock of the present status of virtual currencies both in India and globally, examine the existing global regulatory and legal structures governing virtual currencies, suggest measures for dealing with such virtual currencies including issues relating to consumer protection, money laundering and examine any other matter related to virtual currencies that may be relevant. In December 2017, finance minister Arun Jaitley told the media that the government doesn't consider bitcoin as a legal tender and it is working on recommendations for such currencies.

Meanwhile, Securities and Exchange Board of India (Sebi) on 20 December said that if bitcoin is considered as a commodity derivative then Sebi might regulate it. In countries such as the US, the Sebi-equivalent regulatory body is looking into cryptocurrenices. Experts say, considering cryptocurrencies are looked at as a commodity, Sebi should look at regulating them.

Though there are still no clear regulations or proper jurisdiction, the income-tax department is clear that tax has to be paid on all cryptocurrency transactions. Though there is no mention of cryptocurrencies in the Act, income tax will still have to be paid on any gains accruing from cryptocurrency transactions.

Achieving financial goals through mutual funds

Manish Kothari, Paisabazaar.com

Identify your financial goals, risk profile and asset allocation. Mutual funds can just take you there.

All of us have financial goals that we want to achieve in our life. These can be buying a house, getting our first hatchback, going out for a holiday abroad, saving for our children's higher education or building a corpus for a self-reliant retirement life. Realising these goals can be challenging for most of us if we take into account our present-day financial responsibilities and lifestyle. It sure is challenging, not impossible! You can work your way towards your goal by following a well-strategised plan, taking into account your investment and optimum risk-adjusted returns required for achieving it.

Mutual funds are one of the best available market-linked instrument that can help you achieve your goal, given that they are available for investing across asset classes (from equity to debt investments, and even gold), risk profile and time horizon (starting from as low as 1 day and extending for decades). Here's how you can achieve your financial goals through mutual funds:

Identify your present financial status

The first step towards financial planning is to identify your current financial status, including your present income, monthly expenses and savings and your present investments. This will help you to determine the money and time horizon required to fulfill your goals.

Assess your risk-appetite

As each asset class carries a certain amount of risk; your next step should be to find out the asset class that suits your risk appetite. Your risk-taking capability will largely depend on your income level, age, liquidity and time horizon of your investment.

Your ability to tolerate risk will be much higher if you are less than 30 years and on the contrary, it will be much lower (in most cases) in case you are nearing your retirement. Similarly, a person with a stable income and sufficient emergency funds can afford to invest more in high-risk equity funds than one who is in his early career stage and without sufficient emergency funds.

Determine asset allocation based on your goals

Asset allocation is the process of apportioning your investible surplus across various asset classes for meeting your financial goals and hence, it is imperative for you to determine asset allocation on the basis of your long term, as well as short term financial goals. Remember the trade-off between risks and returns during asset allocation process - higher the risk that you can afford, the higher would be your gains.

As equities are volatile in nature, they can deliver negative returns in the short-term. Hence, consider investing in them for your long-term financial goals (above 3 years) as these goals would give you the required time to recover from market setbacks (if any) caused from pursuing more aggressive but rewarding strategies. Opt for debt funds to meet your short-term financial goals (less than 3 years). Opt for hybrid/ balanced funds for your long-term financial goal if you have a very low risk appetite and you prefer stability of returns over high returns.

Security Selection

Once you are through with asset allocation, the next step is to reduce your risk by diversifying your investments within asset classes.

The best way to do so is to invest in three or four diversified/ multi-cap/ flexicap funds. Fund managers have the flexibility to capitalise on investment opportunities across market capitalisations and sectors; and align investments according to changing market conditions.

Also, try diversifying investments in terms of fund houses so that even if one fund underperforms the market because of fund-management issues, your remaining investments would take care of your portfolio.

Opt for diversified equity funds for long-term goals, such as building retirement corpus or a corpus for your child's education or wedding. You can also invest in mid-cap/small cap funds for your long term goals if you have higher risk-tolerance.

Invest in large-cap funds if you have relatively lower risk appetite within equities. These funds invest in blue-chip companies and hence they are considered to be the least risky among all equity fund categories. Avoid sectoral/thematic funds unless you have a clear idea of the workings of that sector/theme.

Your investment in debt fund categories will primarily depend on your time horizon. Invest in liquid and ultra-short term funds to meet your emergency funds requirements or for financial goals within six months; short term funds for goals between six months to two years and income accrual and dynamic bond funds for investments over two years.

If you are in higher tax bracket (30%), you can look at investing in arbitrage funds with dividend option. Most of these funds invest in equity shares and hedge equivalent amount of this investment in futures and options segments of stock exchange. They carry limited risk for investor. Consider investing in arbitrage funds if you have an investment horizon of more than 60-90 days.

Once you have started implementing your financial plan through mutual funds, do not forget to review the performance of your funds at least once in a year. Also remember that key to successful investing in mutual funds is disciplined and consistent investing. Use systematic investment plan (SIPs) mode of investment to invest consistently and reduce the risk from market volatility. Try to top up your mutual fund investments by making lumpsum investments during market crashes.

How does IPO allotment to retail investor happen? Here is cutting through the confusion

Nehal Joshipura, Financial Express, Aug 30, 2017

A week ago, four friends were discussing the recently concluded initial public offering (IPO) of Cochin Shipyard. They were trying to figure out the allotment process of IPO in retail category.

All four had made two applications in the IPO under Retail Individual Investors (RII) category. However, each of them had a different outcome. One of them did not get any allotment, one got allotment against both applications, and the other two got allotment in one out of two applications. They wanted to know why they got different allotment outcomes despite making the same number of applications? Sitting on the next table, I decided to pen down a note on this as many of us may still not understand how it works.

Cap on retail individual investors: The cap for RII is Rs. 2 lakh and each IPO must have reserved quota for this category. But Securities and Exchange Board of India (Sebi) realised that within this category also there is a wide range. And the process of proportionate allotment may work against small retail investors. The markets regulator made an important change in the second half of 2012 in the allotment process to ensure 'maximum RII allottees'. Let us understand how it works. In Cochin Shipyard's IPO for instance, 1.16 crore shares (35% of total IPO) were kept reserved for RII. The minimum lot-size was 30. The price-band was `424-432 with 5% discount on issue price for RII. That means, one could apply for minimum of 30 and maximum of 480 shares under RII category. A total of 19.42 lakh applications were received under RII category with varying size. In fact, 16.87 lakh applications were for lot-size of 30. Similarly, 18,000 applications were for maximum lot-size of 480 shares.

The issue was oversubscribed by 7.81 times under RII category, which means, everyone was not going to get the allotment.

How does allotment happen?

The total number of shares finally allotted to retail category was 1.18crore due to lukewarm response under employee quota. By allotting only 30 shares to all applicants, only about 3.94 lakh applicants got the allotment. The basis of allotment was decided as 86:423, which means one in every five applicants would get allotment. To decide on the allotment, the company bunches all RII applications and then goes for lottery system, say, based on Permanent Account Number (PAN) of the investor. So, if your PAN number is selected, you will get the allotment. So, those 3.94 lakh lucky applications got the allotment and the rest did not. It can happen in an IPO, where the number of applications is more than the maximum number of RII that can be issued the smallest lot.

So, next time if you do not get allotment from your five applications but your friend gets allotment on his solitary application, it is a matter of pure luck! Now, of course, even if you are the lucky one, you will get only minimum lot-size, which is 30 in this case. It does not matter, whether you have applied for 30 shares or 480 shares in this case. Everyone gets the same number of shares which is equal to smallest bid lot-size as that is the only way to ensure maximum RII allottees. The ideal application size in RII category for a good IPO is always smallest lot-size. No wonder, the four friends with different allotment outcomes got equal number of shares allotted despite different application size. The author is faculty member in finance department at DSIMS, Mumbai

Importance of asset allocation in investing

Economic Times, Nov 16, 2017

What is asset allocation?

Asset allocation is the implementation of an investment strategy that seeks to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio based on the investor's risk taking capacity, goals and the time frame needed to reach those goals. The objective of asset allocation is to minimise volatility and maximise returns. The process involves dividing your money among asset categories that do not all respond to the same market forces in the same way at the same time.

Asset allocation will vary from one investor to another. For example an aggressive investor can have 75% in equity mutual funds, 20% in fixed income funds and 5% in gold.

How does an investor implement asset allocation?

Before starting to invest in financial products, ideally an investor needs to decide his asset allocation. He can do this himself or take help from a financial planner, who can suggest an asset allocation based on his assessment of his profile. For example, an investor wants to invest Rs 10 lakhs, he cold allocate 50% to equity mutual funds, 45% to debt mutual funds and 5% to gold funds. This is supposed to be monitored on a regular basis. So after a year, if due to a rise in the stock markets, if the equity mutual fund allocation rises to 60%, it should be brought back to its original level of 50%. Similarly if additional money needs to be allocated to this portfolio, it should follow the same principle.

This is necessary as otherwise if equities fall due to any untoward event, it could result in a higher loss to the portfolio. Wealth managers said sticking to an asset allocation plan is crucial to achieving financial goals. This approach reduces risk on the portfolio too. When equity component goes up, the investor can bring back his allocation by switching some units back to debt funds. Similarly when allocation falls due to a fall in the market, he can increase it to his original allocation by switching from debt funds to equity funds

How does it pay to follow asset allocation?

Financial markets are full of surprises and it is difficult for any individual to predict which asset class will go up or down. For example, equities may be up, while gold may be down and vice versa. However if you have your wealth spread across assets, you will be less hit and get the best risk adjusted returns. Financial planners believe that in the long term, 90% of the returns come from proper asset allocation.

How often should one review asset allocation?

Investors should review it atleast once a quarter. If any asset class moves up or down by more than 10% of their targeted allocation, they could look at rebalancing their portfolio.

National Centre for Financial Education (NCFE)

Activities during the quarter Oct-Dec 2017

Principals' Conclave on Financial Education has been organized by NCFE at NISM Campus, Patalganga during Oct 27-29, 2017. The objective of the Conclave was to discuss and deliberate the need and importance of including financial education in school curriculum. Around 70 heads of schools across the country participated in the event.

The program kicked off with the talk by Shri Sandip Ghose, Director, NISM on the topic – "Financial Education as a Life Skill – Issues and Challenges". Shri G P Garg, Head, NCFE gave a presentation on the journey of NCFE in respect of its strategies, activities, efforts and experiences. Shri Amit Trivedi, Personal finance Trainer and Ms Kiran Telang, Certified Financial Planner handled sessions on Personal finance.

Second Policy Forum on Financial Literacy and Financial Inclusion: (December 15-16,2017)

The second policy forum on financial literacy and financial inclusion was organized at NISM campus, Patalganga during Dec 15-16, 2017. The program was organized in partnership with Durham University Business School (DUBS), U.K. The program commenced with the opening remarks by Shri Sandip Ghose, Director, NISM. Shri K Srinavasan, Dy General Manager, Reserve Bank of India, made a key note address on the topic – "Fostering financial literacy among youth – Role of Regulators". Shri M. Pulla Rao, Executive Director, Insurance Regulatory and Development Authority of India (IRDAI) spoke on the occasion. Shri G P Garg, Head, NCFE narrated the role of NCFE in creating a financial aware and empowered India. Mr.Ravikrishnan M.K, Chairman, Kerala Grameen Bank shared the experience of financial literacy outreach programs conducted by Keala Grameen Bank. Shri Sanjay Poddar, Managing Director, Accenture Labs delivered talk on 'Technology for building an inclusive world'. Mr. Mahbubul Alam, Executive Director, Bangladesh Securities and Exchange Commission, shared his the country experience in promoting financial literacy.

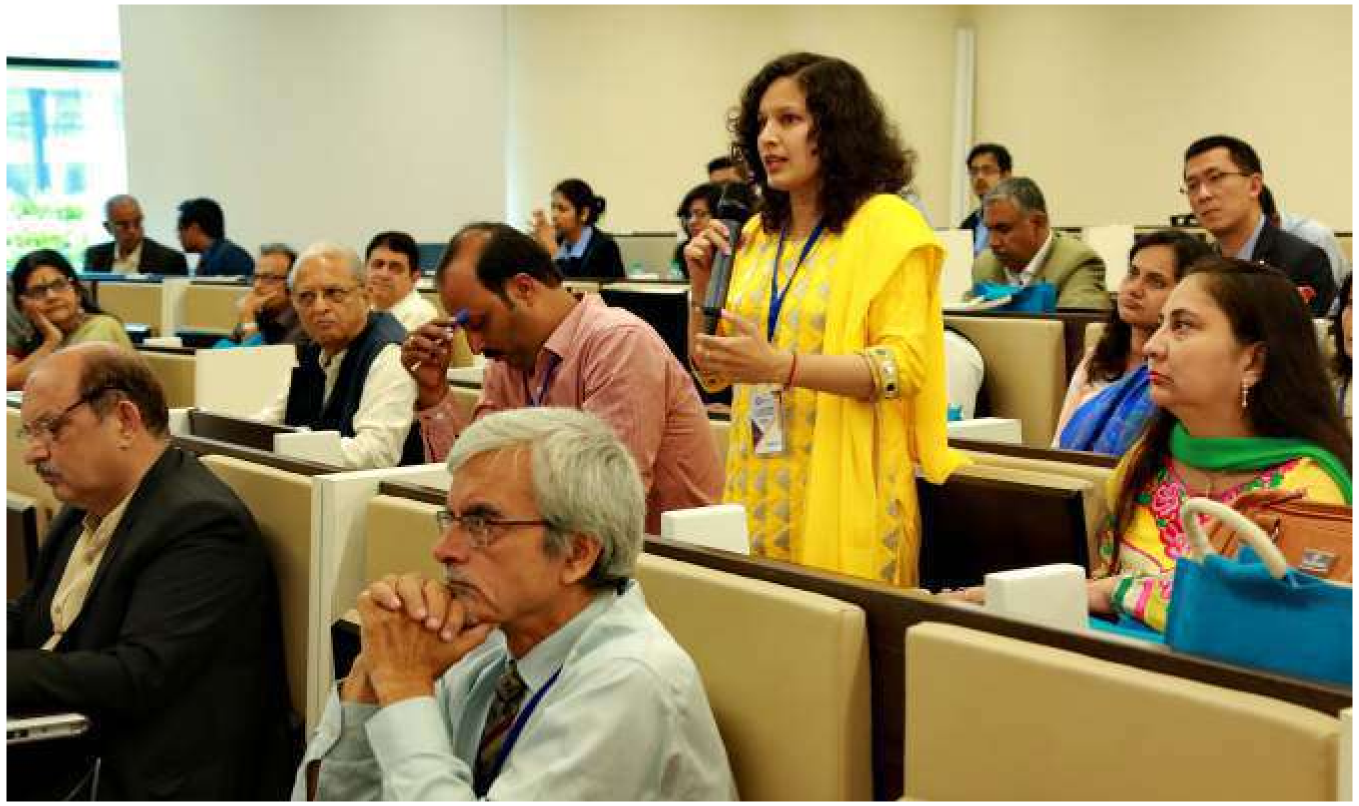
Mr.Vajira Wijeguawardene, Director General, Securities and Exchange Commission of Sri lanka shared Sri Lankan experience in promoting financial literacy.

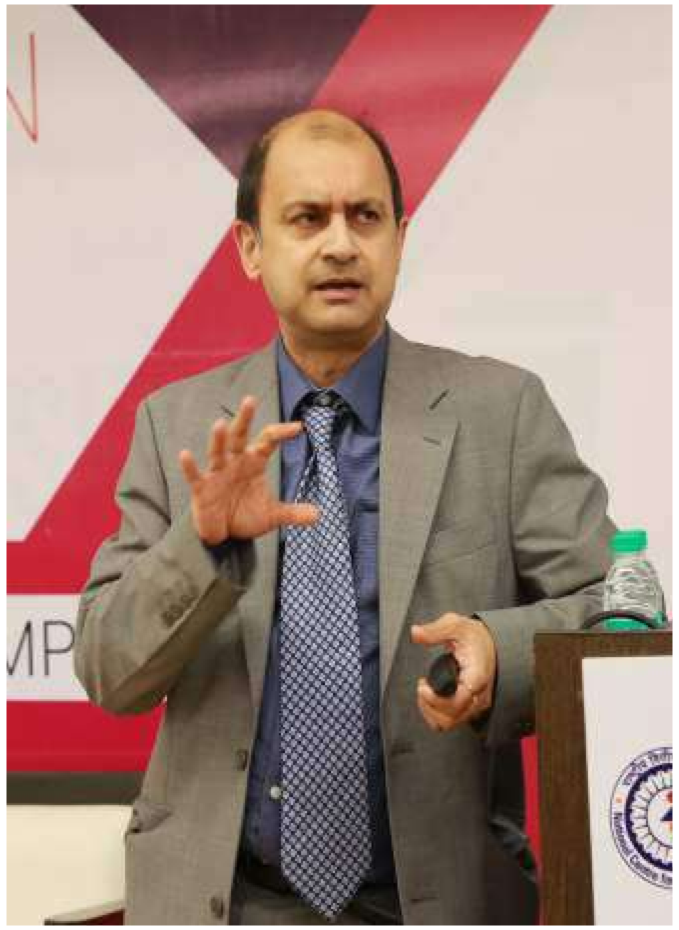
Ms Chetna Gala Sinha, Chairperson, Mann Deshi Mahila Sahakari Bank spoke on 'Empowering women through financial literacy'. A panel discussion was carried out on the topic – Enhancing capacity building in financial literacy and inclusion. The panel members were Mr. Chandan Sinha, Addl Director, CAFRAL, Mr. J N Mishra, CEO, Indian Institute of Banking & Finance, and Mr. K L Dhingra, Director, NIBM. Shri Sandip Ghose, Director, NISM was the moderator for the panel discussion.

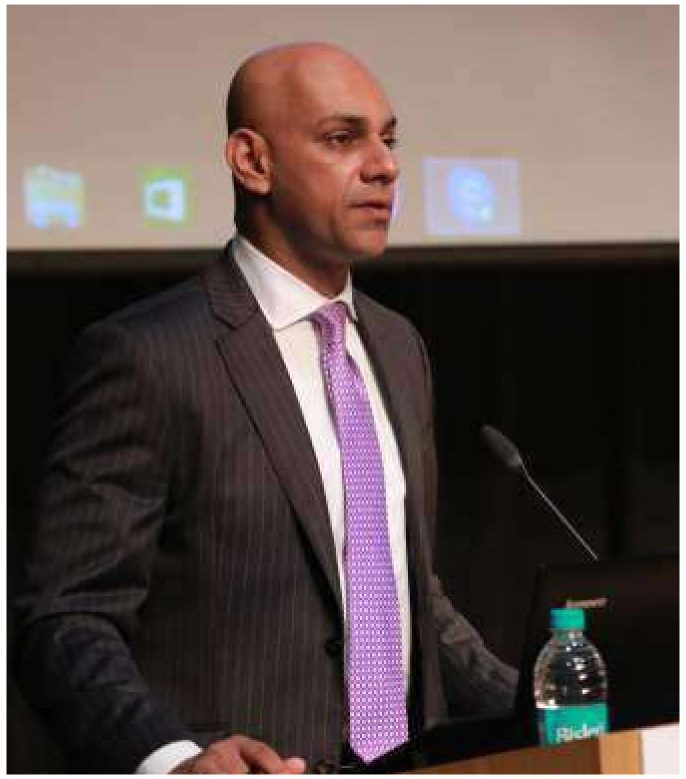
The program was attended by delegates from financial sector regulators, market participants, intermediaries, management institutions, NGOs etc.

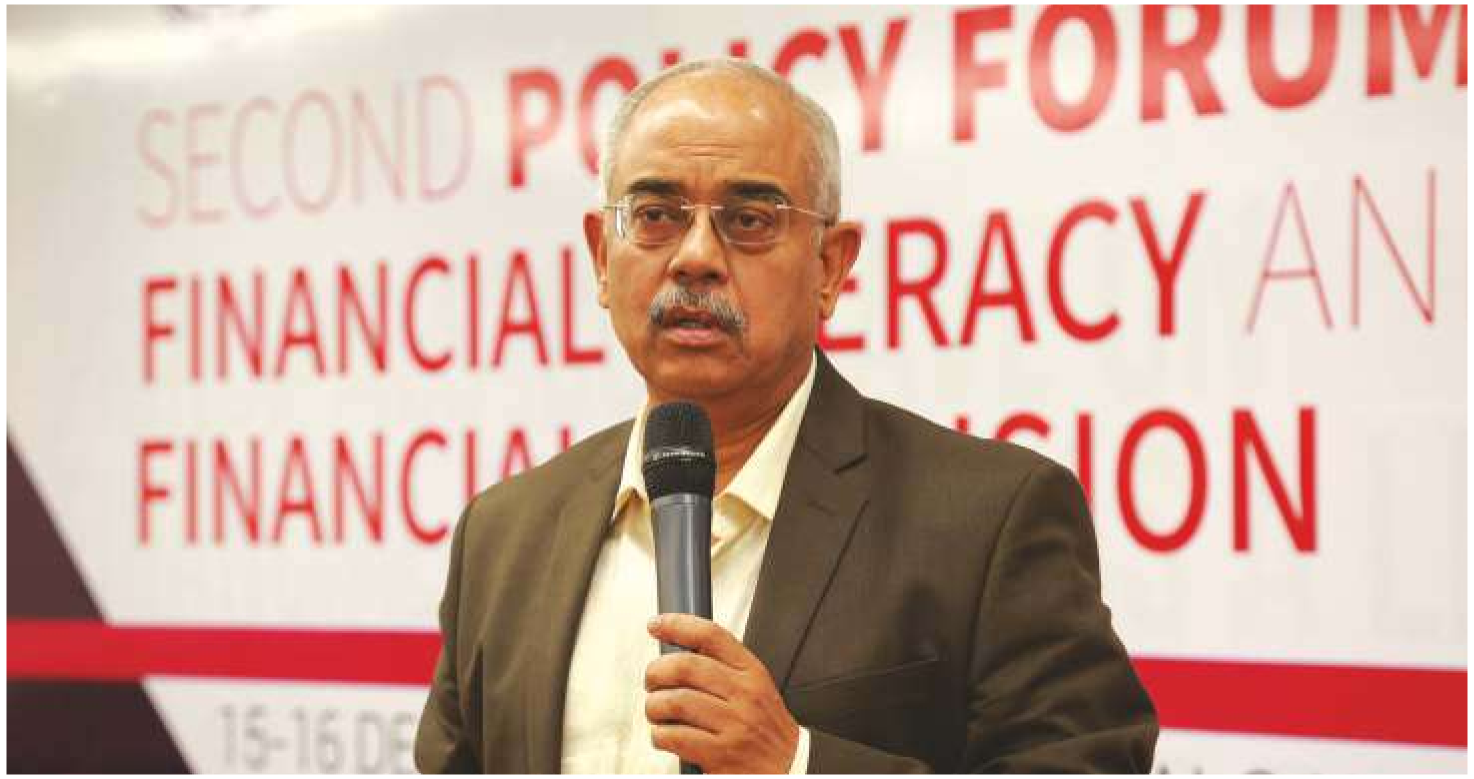
Papers were presented in the forum as per the following details.

Name	Topic
Prof Anurag Banerjee, Durham University Business School	Financial Literacy, Awareness and Inclusion
Dr Harsha Jariwala	Financial Socialization and Financial Outcomes
Mr.Madan Karanam	Stakeholders' involvement in NFLAT Implementation
Mr.Firdous A Malik	Assessment of PMJDY as yardstick of microfinance
Mr.Elkan Elijah Daniel	Financial vulnerability and safe sex behavior of female sex workers
Mr Ramesh Shankar	Regulatory approaches and financial incusion

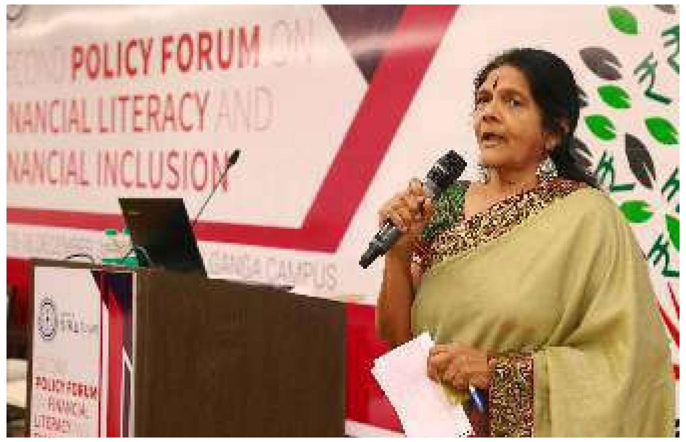







FINANCIAL


POLICY FORUM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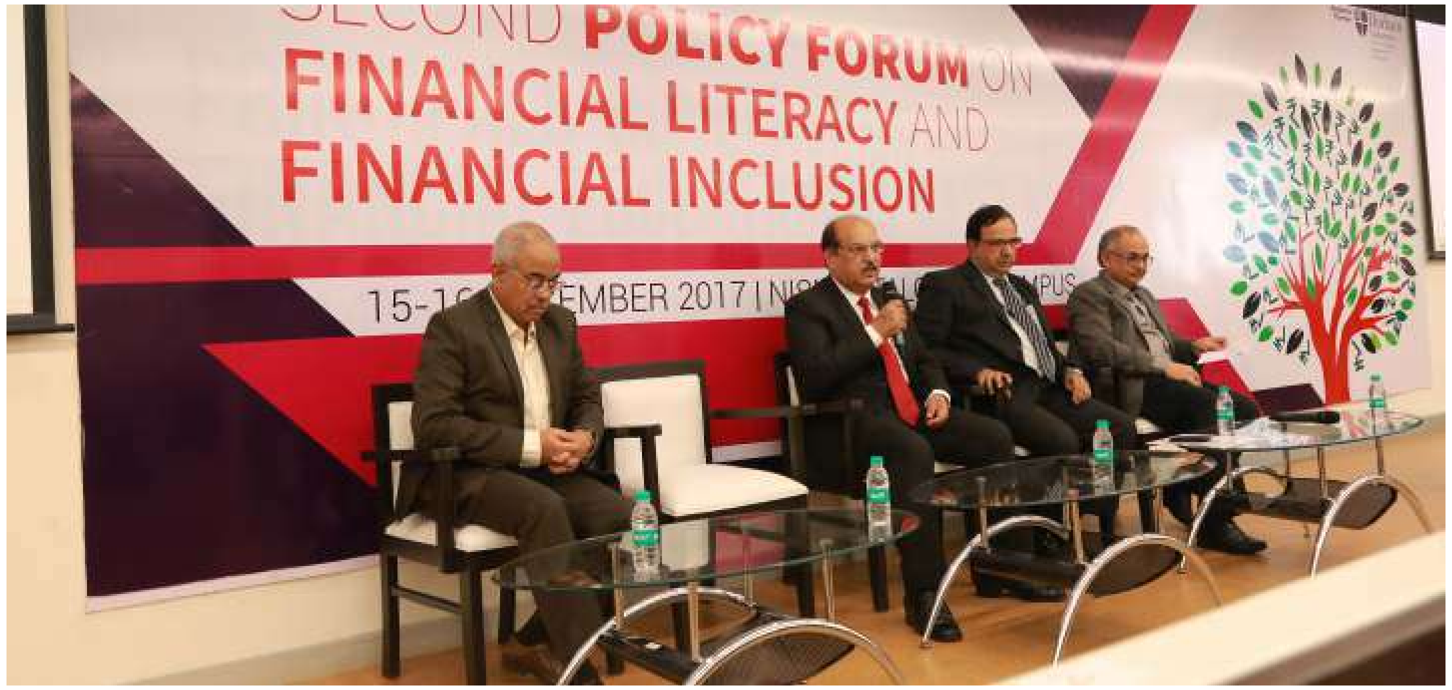
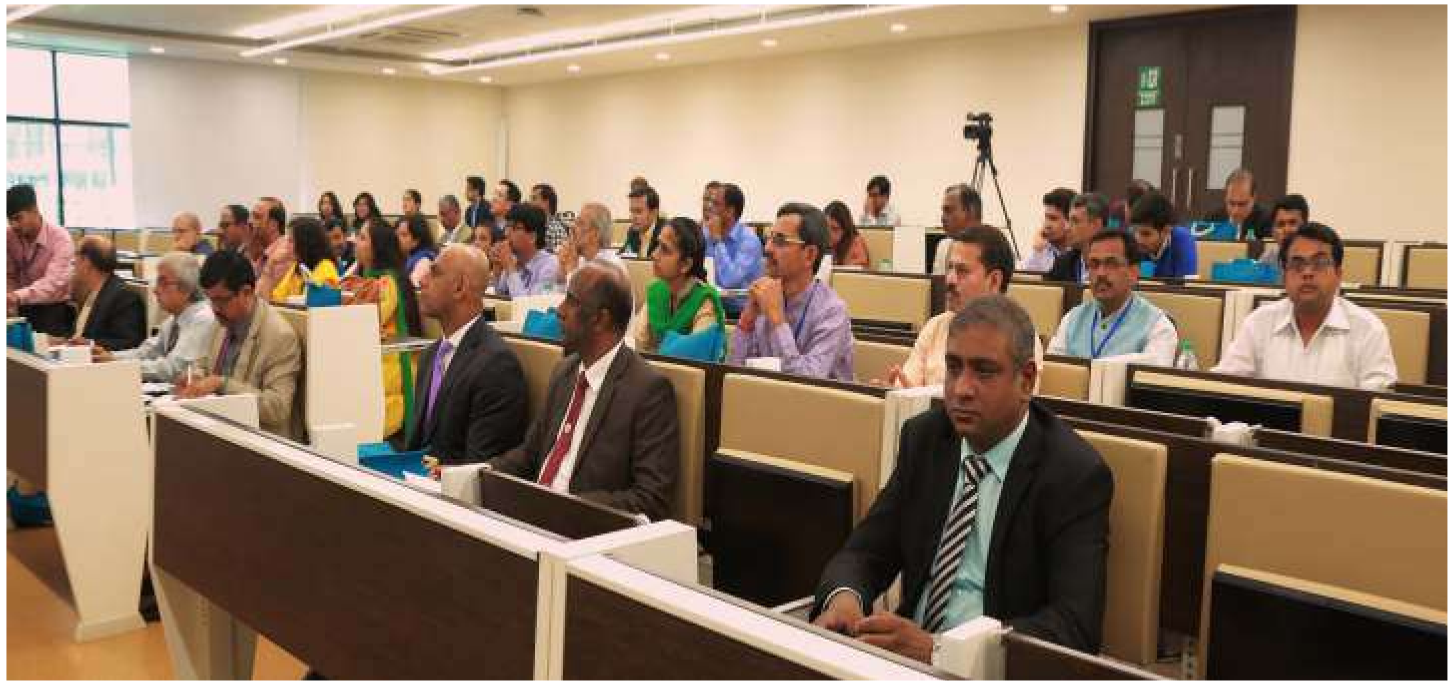

POLICY FORUM ON
FINANCIAL LITERACY AND
FINANCIAL INCLUSION



Life Insurance: Six sins that may ruin your family

Kamalji Sahay, Financial Express, Nov 27, 2017

A few people buy life insurance, some are persuaded to buy life insurance and most have life insurance thrust upon them by an agent. When everything in life is going fine, life insurance hardly draws anyone's attention. The policyholder also rarely finds time to look at the conditions, benefits and the privileges under his policy. But insufficient life insurance cover and mismanagement of a life insurance contract can ruin the future of the dependents. Adequate life insurance alone serves the purpose of providing financial security to one's spouse or children.

While buying a policy one should not look at the amount of premium only for taking the final decision.

Living with inadequate life cover

One should decide the amount of sum assured on the basis of future obligations to the family and explore with the plans and benefits that could be availed of for securing the family's future with the risk cover as decided first. Living with inadequate life cover is Sin No.1. This may ruin a family permanently and the spouse and children may find themselves in a sinking boat.

Not paying premium on time

Life insurance is valuable so long as the policyholder continues to pay due premium not later than the grace period. Normally, the policyholders wait for reminders from agents or the company. Not remembering the due date and not paying the premium on time is Sin No.2. A life insurance policy lapses if premium is not paid within the grace period. If unfortunately, the policyholder dies when the policy is not in force, either nothing is payable to the family or only the paid up value is paid which is a very negligible amount during the early years of taking a policy. No bonus accrues to a lapsed policy and almost all the riders become inoperative.

Not mentioning nominee's name

Nomination under a policy is a must for smooth settlement of claim. If the spouse is not the nominee, the insurer will not be obliged to honour a claim by her or him in case of death of the policyholder. The claims in such situations are settled either through order of court or following completion of several time taking procedures. Dispute among rival claimants often ruin the dependents extensively. Not ensuring timely nomination or change of nominee following marriage or death of the first nominee is Sin No.3.

Not careful in filing fresh nomination

Life insurance policies grow into valuable assets and can be utilised for raising loan from any lender. The policy can be assigned to another individual or to any entity such as banks and housing finance companies for raising a loan. The policy is accepted as a collateral security. But when the policy is assigned, the original nomination gets cancelled. Hence, on reassignment the policyholder needs to execute fresh nomination, otherwise in case of death claim it will be treated as a claim without a formal nomination. Not being careful about filing fresh nomination is Sin No. 4.

Not sharing policy information with spouse

A responsible family member needs to share all information regarding life insurance policies held by him with his wife. Insurance is for the spouse and the children hence they should know number of policies and where the original documents are kept in the house or in the lockers. Generally, spouses consider life insurance a sensitive subject and avoid talking about death claims between themselves. But not talking and sharing vital information with spouse is a blunder everybody tends to commit and this is Sin No. 5.

Surrendering the policy

Life insurers provide for an exit route by way of surrender of a policy if the policyholder is unable to pay the premium due to some financial crisis. Surrender of a policy normally provides reduced cash value against the policy. Surrender provides the policyholder cash in his own hand, hence on a slight pretext, very often some policyholders surrender their policies and deprive their family members, specially the spouse, of the invaluable life insurance cover and this is Sin No.6. As buying another policy is always costlier due to increased age, such policyholders permanently deny their family financial protection and expose them to huge risk if the unfortunate event occurs in their life.

Financial Education Training Program

National Centre for Financial Education (NCFE) has organized programs for school teachers under its Financial Education Training Program.

National Centre for Financial Education (NCFE) has organized six programs under Financial Education Training Program at various centres empowering the teaching community in the area of financial education. The details of the programs conducted are as follows.

Sl. No.	Venue	Partner Agency	Dates
1	Indore	Vidya Bhawan Public School	October 09-10, 2017
2	Solapur	Indian Model School	November 14-15, 2017
3	Telengana	Oasis School of Excellence	November 17-18, 2017
4	Yavatmal	Sanskar English Medium School	November 24-25, 2017
5	Jaipur	Subodh Public School	November 27-28, 2017
6	Raipur	Mayoor School, Raipur	December 04-05, 2017

Vidya Bhawan Public School, Indore

Indian Model School, Solapur

Oasis School of Excellence, Telengana

Sanskar English Medium School, Yavatmal

Subodh Public School, Jaipur

Mayoor School, Raipur

Pocket Money Program-Financial Literacy Program in Schools

The program was implemented in Srividyalaya, Talawade, Pune where in 171 students of Class IX, X and XI got enrolled. Financial Literacy lessons were taught to the students and active discussions were carried out with examples on better use of personal finance.

Participants of the NISM Financial Literacy Program held at Srividyalaya, Talawade, Pune

The quick and safe way to build a credit score

Shaikh Zoaib Saleem, Livemint, Nov 27,2017

There are many easy ways to quickly improve your credit history and score. But if you are not careful, these measures may even jeopardise your financial security

If you need a loan to buy something you cannot fund immediately, you approach a financial institution–typically a bank or a non-banking financial company (NBFC). When you do that, the financial institution runs a background check on you, from its own database (if you are an existing customer) and also from a credit information bureau. The credit information bureau is authorized by the Reserve Bank of India (RBI) to gather information on loans and borrowers from banks and analyse it to arrive at a score of creditworthiness of an individual. If your creditworthiness is good, you would get a loan relatively easily and at better terms. If not, either the loan will be rejected or you will be charged a higher interest rate. This is especially true in case of personal loans. The institutions' decision to lend is based in large measure on the credit score and the credit report.

What is a credit score?

It is a number based on your credit report, which is a summary of your past and current borrowing and repayment history. If you were regular with repaying loans, including your credit card bills, your credit score is likely to be higher. This score helps banks assess your loan repayment capacity and your chances of defaulting on it. "Credit score is derived from the credit history of an individual. A consumer needs to have a minimum of 6 months of repayment track record on a loan or credit card or closed credit accounts less than 2 years old before a credit bureau can generate a credit score," said Hrushikesh Mehta, vice-president and head of direct-to-consumer business, TransUnion CIBIL. A credit score is created as your lending and repayment relationship with financial institutions evolves. However, if you are new to credit, here are some ways you can quickly start to build a credit score.

Credit cards or personal loans

If you are new in the workforce, you can start by getting a low-limit credit card from the bank where you have a salary account, said Sumit Bali, senior executive vice president and head-personal assets, Kotak Mahindra Bank Ltd. "Based on their income, banks can give them a card with low limit. Use that card sensibly and build a credit history," he said.

In the past, people considered taking personal loans to build their credit score. However, with a personal loan you will necessarily have to spend your money in paying the interest, whereas with credit card repayments within the stipulated time, you do not have to shell out extra money. For slightly older professionals, about 35 years old, credit history is not much of a worry if their bank account status and average balance are good, and investments and tax returns are in place. They "don't really need a credit card to prove credit worthiness. Any bank would sensibly look at it and take a call," Bali said.

Peer-to-peer (P2P) lending platforms are an emerging option for creating and enhancing your credit history. The RBI has recognized these platforms as special category NBFCs and has mandated them to share lending data with credit information bureaus. "Once the P2P lenders receive their licence, they will be able to begin data submission. Once that happens, P2P lending will become a viable option in helping one build a credit score," said Mehta. However, in this case too, you will have to pay an interest on the borrowed amount.

In some cases, especially where customers have a long relationship with their bank, the banks may also look at own data to determine creditworthiness, Bali added. "Credit score by and large is a good indicator but it may not be the only indicator," he said.

Alternative credit scoring

Evaluating someone who has never taken a loan can be difficult. This is where alternative credit scoring comes in. Here, instead of relying on a credit score, lenders consider your transactions and behavioural data like bill payments, online buying behaviour and information from your social media platforms to understand your repayment capacity.

"Often people are refused big-ticket loans like a home loan for the lack of credit history, even if their finances are in order," said Abhishek Agarwal, chief executive officer and co-founder, CreditVidya, a credit advisory that also works on alternative credit scores.

While the RBI-regulated credit bureaus are currently not allowed to use alternative data for credit scoring; in other developed markets parameters like utility bill payments, insurance premium payments have been used for credit scoring (read more on it here.

However, financial institutions including top public and private sector banks and NBFCs in India, have started using alternative data in multiple verifications and validations across the credit value chain, Agarwal said. "Innovative offerings like pre-approved offers or instant loans are leveraging alternative data from multiple sources to provide seamless customer experience," he said, adding that leveraging alternative data for credit risk assessment of secured loans is still distant. Banks use the alternative scores "in conjunction with other things, like data that you have about the customer. This is happening for personal consumption products like credit cards and salaried personal loans. We are putting it to use but what is the outcome from that, it is too early to say," Bali said.

While credit cards and loans help to build a credit history and score, caution needs to be exercised. If used carelessly, these can put you in a debt trap, and ruin your credit history too. Not just that, you should also keep your

How to invest in gold: 7 amazing points to know on why you should invest in yellow metal

Ramalingam K , Financial Express, Nov 24, 2017

Investing money in gold is useful because it is a hedge against inflation. Over a period of time, the return on gold investment is in line with the rate of inflation. Gold is negatively correlated to equity investments.

Return on gold investment

Investment in gold proved remarkable from 2006 to 2011. During that period, the metal has given average return of 29% per annum which was better than other investment options.

However, the long-term average return on gold investment is less than 10% p.a. Here are few tips on how to invest in gold.

Buying jewellery

Our age-old and traditional way of investment is jewellery buying where one can buy gold ornaments, bars or coins. However, it has its own disadvantages. Total buying cost involves heavy making charges. However, when you try to sell the same piece to the same jeweller, he will buy it at below market rates and deduct those making charges from the total price of your jewel.

Gold coins, bars

Investment in gold coins and bars is a better option. You should buy gold bars and coins only from a jeweller. Banks sell gold coins and bars, but they cannot buy it back. Whereas, the jewellers can buy back the gold coins from you.

Gold ETF

You can buy Gold ETFs from the stock exchange by way of opening a demat account and trading account. You have to pay brokerage fee (which is generally 0.25-0.5%) for buying and selling of these gold ETFs. You will have to further pay 0.5-1 % charges as fund management charges.

Gold fund-of-funds

Gold fund is a fund-of-funds which will invest in Gold ETFs on behalf of you. One does not need any demat account. As this is like any other mutual fund scheme, SIP investment in gold is possible through these gold funds.

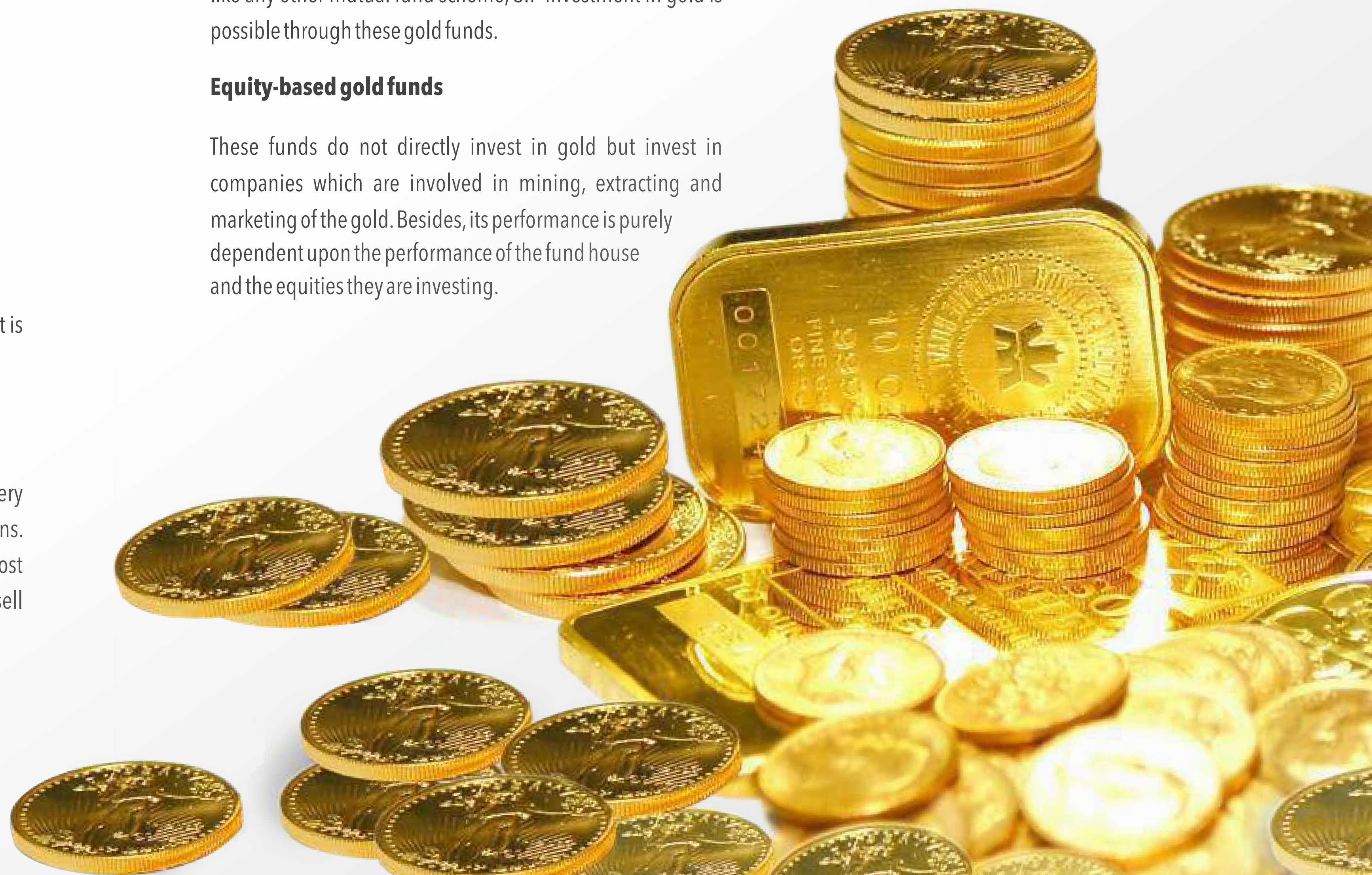
Equity-based gold funds

These funds do not directly invest in gold but invest in companies which are involved in mining, extracting and marketing of the gold. Besides, its performance is purely dependent upon the performance of the fund house and the equities they are investing.

Investment in these funds is suitable for investors with high-risk appetite. There are no listed companies in India associated with gold. Therefore, these funds trade in international market and are quite susceptible to currency risks apart from gold-risk and equity based risks.

How much to invest in gold?

In fact, 5-10% of your assets can be invested in gold. If you invest more in gold, remember that in the long-term return on gold investment is less than 10% per annum. There is no right or wrong time to invest in gold. You need to invest in gold for a long term like over five years. It is better to stagger your investments over a period of time to average out the cost of purchase. You can start investing in gold online either by investing in gold ETF or by investing in gold funds. Gold funds can also be bought online just like investing in other mutual funds online.

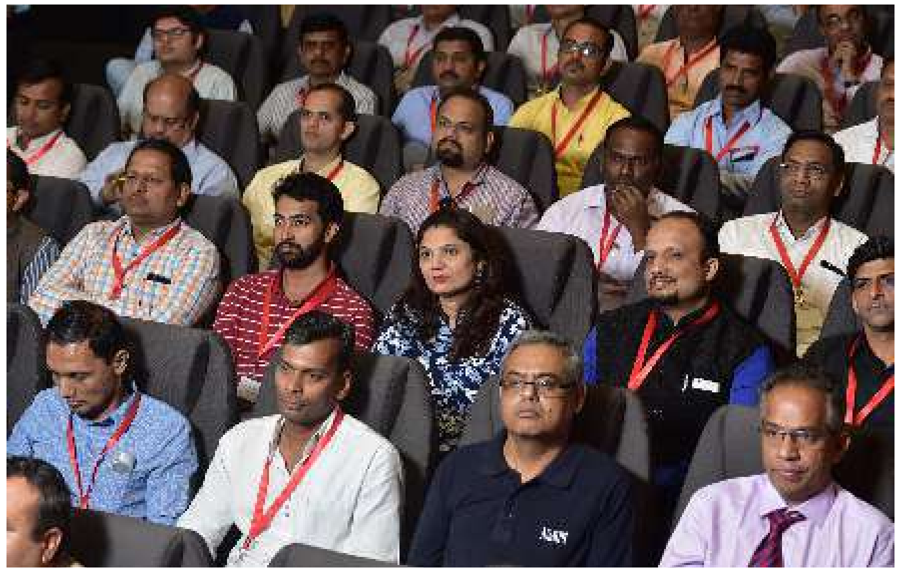


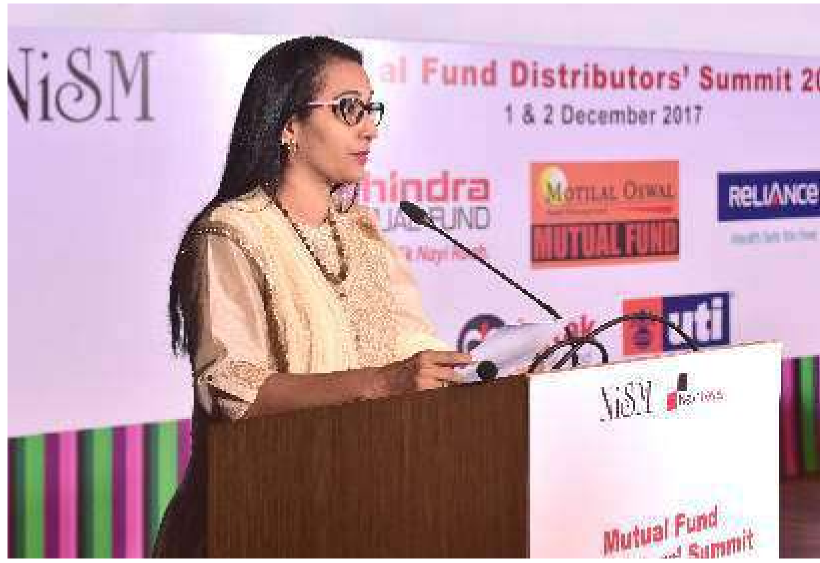
Mutual Fund Distributors Summit (December 01-02,2017)

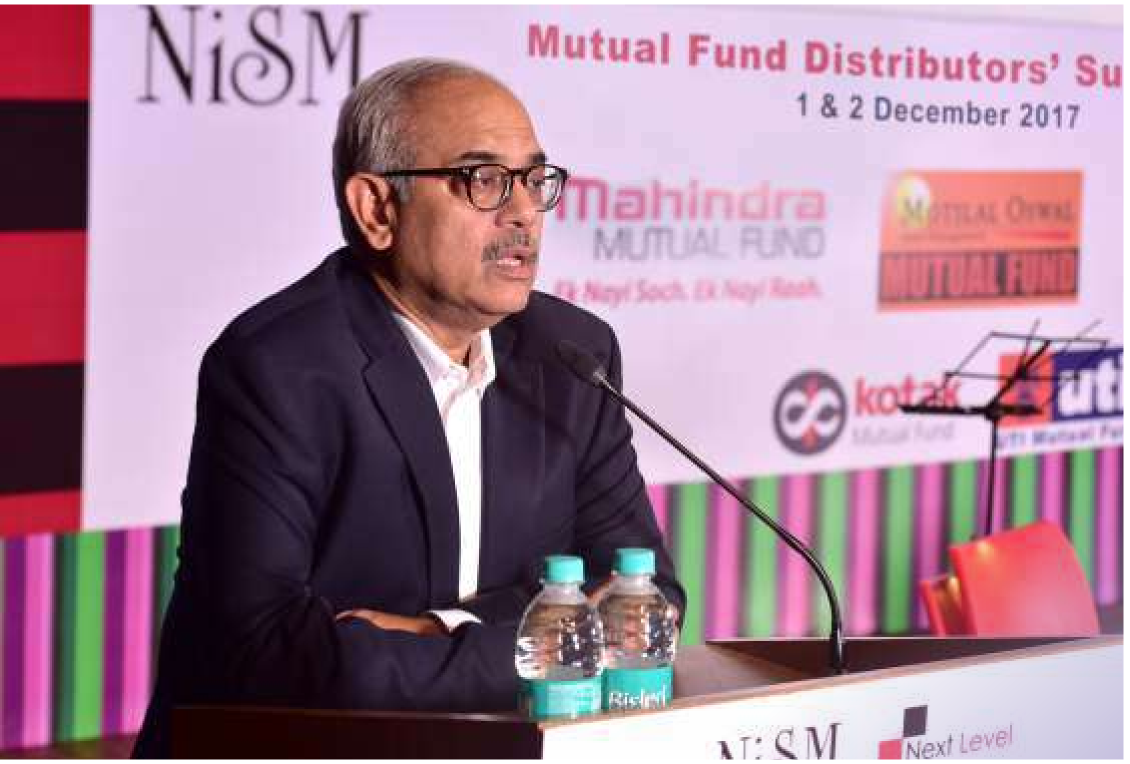
NISM has organized a summit of Mutual Fund Distributors Community at its Patalganga Campus during December 01-02, 2017. The program commenced with introductory remarks by Prof K Sukumaran, Dean, NISM. Shri Sandip Ghose, Director, NISM welcomed the gathering and showcased the infrastructure created by NISM at Patalganga for the benefit of financial market intermediaries. Shri Himanshu Vyapak, Dy CEO, Reliance Capital Asset Management Co Ltd made a key note address on the topic – "Get Ready Future – Top trends in Mutual Fund Industry'. Shri Debashish Mohanty, President, UTI Mutual Fund spoke on 'Demystifying Mutual Fund – Stories behind numbers'. Ms Harini Balaji, General Manager, SEBI elaborated on 'Mutual Fund Industry – Regulatory Perspective'. Shri N S Venkatesh, CEO, AMFI made a presentation on 'Role of Self Regulatory Organisation in Mutual Fund Industry'. Shri Ashutosh Bishnoy, CEO, Mahindra Asset Management Company and Shi Aasish P Somaiya, Managing Director, Motilal Oswal AMC spoke on the topic –'Mutual Fund Penetration', and 'Indian Mutual Fund industry – Scope for Distribution' respectively.

Shri Dhruv Mehta, Chairman, FIFA made a presentation on 'Towards Professionalism in Advisory - Role of FIFA'. Ms Alpa Shah, Founder, Next Level Education spoke on 'Acquiring First Time Investors'. Shri C K Kumaravel, Motivational Speaker made a talk on Entrepreneurship. A Panel Discussion on 'Mutual Fund Penetration – Role of Investor Education' was carried out, moderated by Shri Dhaarmendra Satapathy, Founder, Next Level Education, the panel members being Shri K S Rao, Vice President, Aditya Birla Sunlife Mutual Fund, Shri Manish Mehta, National Head- Sales, Kotak Mutual Fund, Shri Premal Pipalia, Head- Learning Academy, Reliance Mutual Fund, Shri Gaurav Suri, Sr EVP, UTI AMC, and Shri Akhil Chaturvedi, National Head Sales, Motilal Oswal Mutual fund.

The program was attended by around 200 members of the mutual fund distribution community and various market intermediaries.



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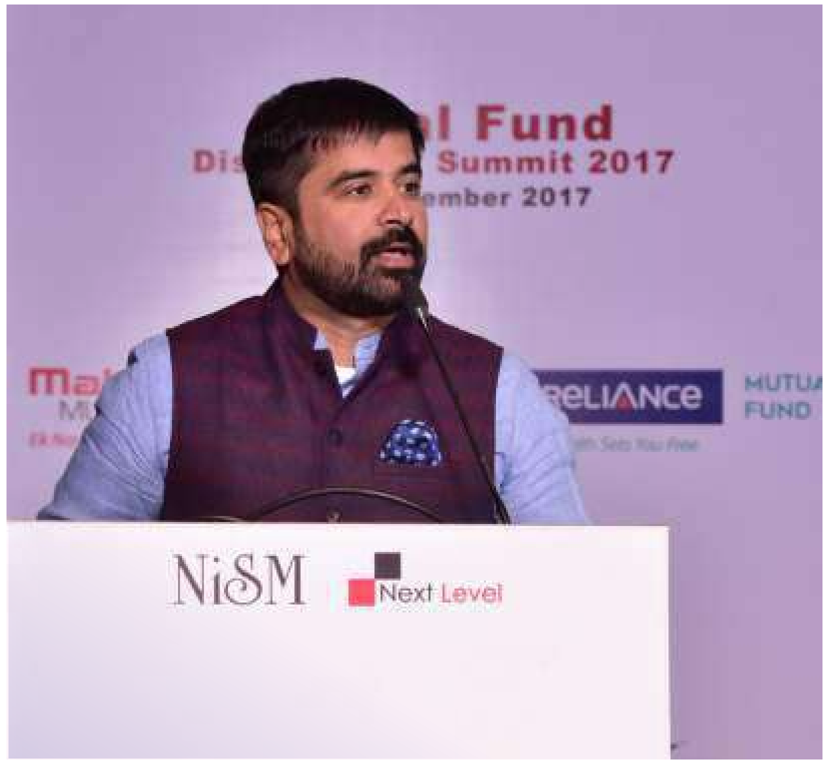
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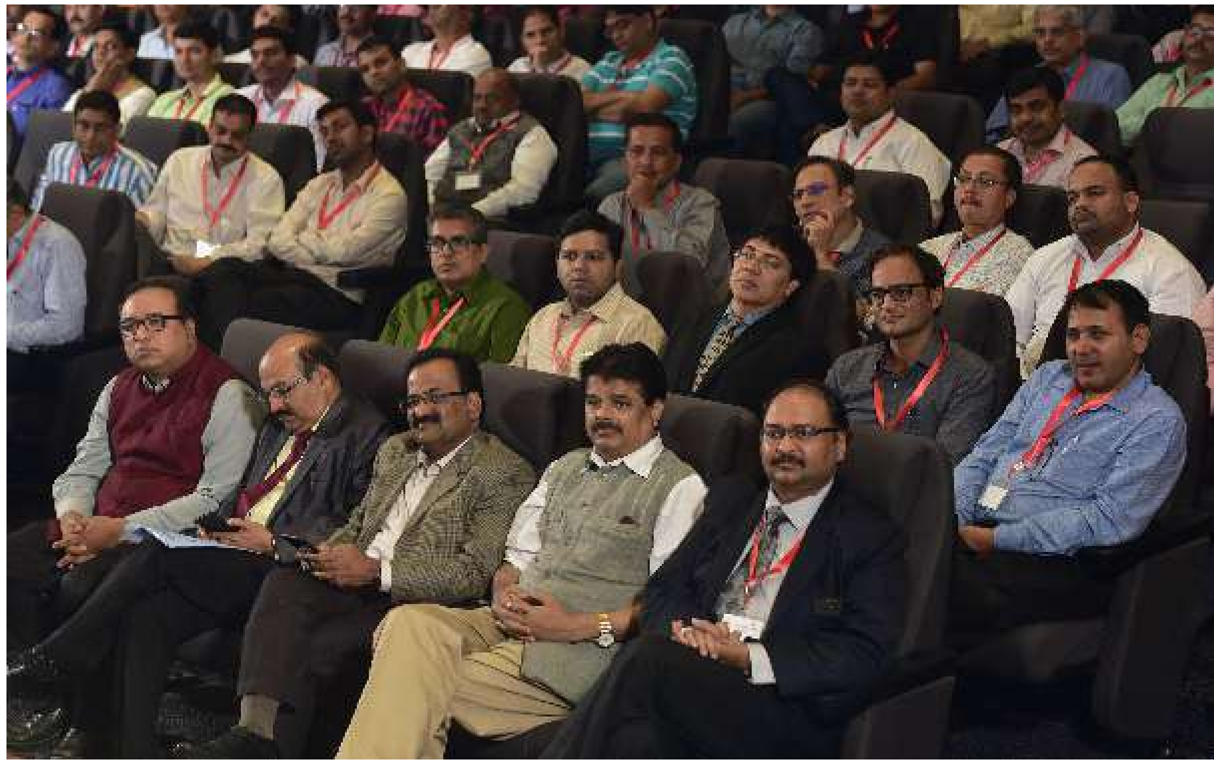

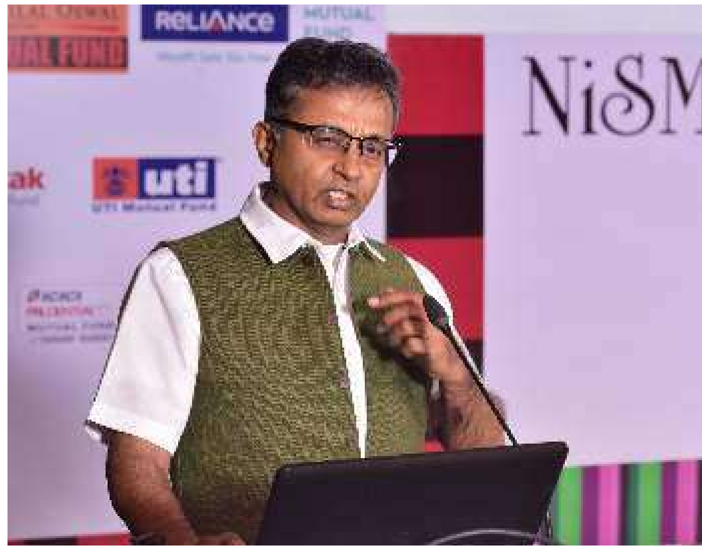
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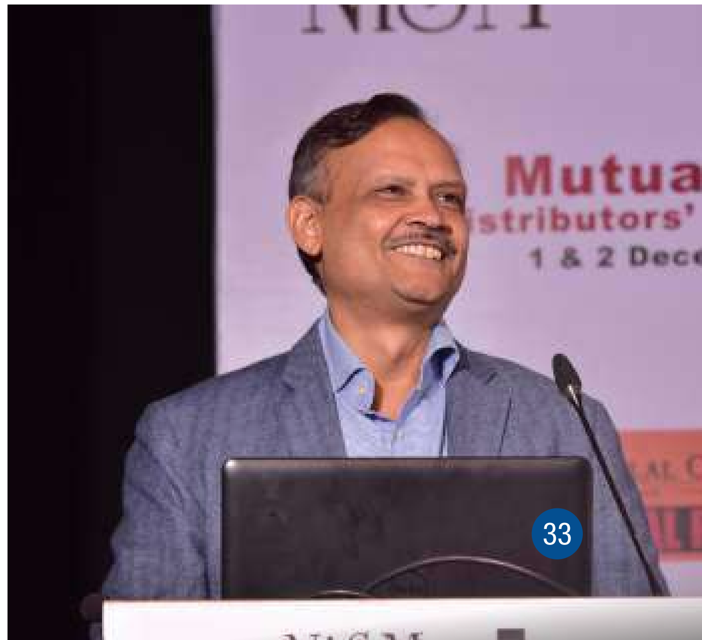
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