

A Release from School for Investor Edn & Financial Literacy, NISM

NISM

National Institute of Securities Markets
(An Educational Initiative by SEBI)

Investor Education Update

Volume I (April-June 2017)



Foreword



It is glad to bring out this release – Investor Education Update, a Quarterly release of the School for Investor Education and Financial Literacy (SIEFL), NISM.

Financial literacy and investor education assume much significance in current times, where Indian economy is performing well and the fruits of development are to be percolated to all the households. Financial well-being is the ultimate goal of every household and to achieve this, families engage in prudent management of their personal finance. Right budgeting, regular savings, safe investments, managing risks through insurance, savings for a secured future through pension schemes etc. are the key features of financial planning in a household's context.

NISM has been engaged in spreading education on the right practices of personal finance management among the various segments of the public. NISM provides capacity building support to SEBI Financial Education Resources Persons Program through identifying the right resource persons and training them. Financial literacy concepts are taught to school children in selected schools where the students are entitled to certification. Investor education programs are conducted in reputed colleges wherein the students were given inputs on stock market operation and the concepts of risks and reward are reinforced.

I request the continued support of all stakeholders in our mission of taking investor education and financial literacy to all segments of the population.

K. Sukumaran

Dean, School for Inv Edn and Fin Literacy,
National Institute of Securities Markets.

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EMPANELMENT OF SEBI FINANCIAL EDUCATION RESOURCE PERSONS

During the quarter April-June 2017, NISM has organized two programs under SEBI Financial Education Resource Persons empanelment Program.

The program in Lucknow was organized in the month of April 2017, wherein 73 new Resource Persons were empaneled and certified. All those who have applied and eligible as per the guidelines were called for the interview on 5th April and those who found fit were selected in the interview. The workshop for the newly empaneled resource persons was held during April 6-9, 2017.

The inaugural session was attended by Shri Sandip Ghose, Director NISM, Shri N Hariharan, Chief General Manager SEBI and Prof K Sukumaran, Dean NISM.



**Prof. K. Sukumaran, Dean,
NISM welcoming the gathering**



**Shri N. Hariharan,
Chief General Manager, SEBI**

The session was followed by a talk by Shri Sandip Ghose, Director NISM on Enhancing Effectiveness where all the soft skills required for success in professional and personal life were deliberated.



Shri Sandip Ghose, Director, NISM interacting with participants

The four days workshop discussed and deliberated the topics coming under personal finance segment. Sessions were held on securities market, financial planning, banking, complaint redressal system, warning against Ponzi schemes etc. Mock workshops were organized by the participants, enabling them in getting confidence in organizing workshops in a real situation. On the third day, examination was conducted and all the participants scored above the cut off point.

The valedictory session was attended by Shri S K Mohanty, Executive Director from SEBI. In his valedictory address, he focused the need for organizing more and more investor education sessions to make the public more aware of the risk and reward of investing.



Shri Amit Pradhan, Regional Director, SEBI addressing the participants in the Valedictory session



Certificate Distribution to Empaneled Resource Persons at Lucknow

EMPANELMENT PROGRAMME IN CHANDIGARH

The empanelment and training programme of SEBI Financial Education Resource Persons was organized at Chandigarh during April 24-28, 2017, where 61 new resource persons were empaneled. The four days training of trainers workshop was inaugurated by Shri Amit Pradhan, Regional Director of SEBI, Northern Regional Office,



**Shri N. Hariharan delivering
the valedictory address at
Chandigarh Session**

New Delhi. Prof K. Sukumaran, Dean NISM, Shri SharadVerma, Gen Manager SEBI, and Shri Suryakant Sharma, Dy GM SEBI spoke on the occasion. Sessions on all aspects of personal finance were handled by experts.

INVESTOR EDUCATION PROGRAMS

During the quarter April-June 2017, NISM has organized nine programs under - NISM Investor Education in Colleges, as per the details furnished below.

Name of College	Profile of participants	No. of participants
IIL, Academy of Higher Learning, Lucknow	MBA Students	61
Integral University, Lucknow	MBA Students	118
Dept of Business Administration, Manglore University, Manglore	MBA Students	65
Dept of Commerce, Manglore University, Manglore	B Com Students	96
P A College of Engineering, Manglore	MBA Students	60
Dept of Management, Alagappa University, Karaikudi	M PHILL & Research Scholars	52
GST University Gurgaon, Gurgaon	Commerce & Management Students	92
Society for Disability and Rehabilitation Studies, Gurgaon	Graduate Students	60
Tilak Jr. College of Science and Commerce Nerul, Navi Mumbai	Commerce Students	86



The participants of the Empanelment Program held at Chandigarh

Investor Education Programs



IILM, Lucknow



Integral University, Lucknow



**Dept of Business Administration,
Mangalore University**



Dept of Commerce, Mangalore University



P A College of Engineering, Mangalore



GST University, Gurugram



**Dept of Management,
Alagappa University, Karaikudi**



**Tilak Jr. College of Science and
Commerce Nerul, Navi Mumbai**

SEBI INVESTOR SURVEY

The findings of the SEBI Investment Survey (SIS) has been released in April 2017. The nationwide survey has elicited the views of 50,453 households in India.

Overall, including both urban and rural households, more than 95 per cent Indian households prefer to park their money in bank deposits, while less than 10 per cent opt for investing in mutual funds or stocks, the SEBI survey showed. The survey, conducted across urban and rural areas of the country, showed that life insurance (61.7 per cent) was second most preferred investment vehicle, followed by precious metals (30.3 per cent), post office savings (30.1 per cent) and real estate (16.5 per cent, as the top five investment options. MFs came at sixth place (9.7 per cent), followed by stocks (8.1 per cent), pension schemes, company deposits, debentures, derivatives and commodity futures (1 per cent) as investment vehicles for the urban households.

Although the SIS data showcases a high propensity to save, these potential investors do not participate in the securities markets - possibly, due to a lack of awareness. "Almost all respondents are aware of bank deposits while 88 per cent and 76 per cent are aware of life insurance and post office savings, respectively. The awareness levels for MFs and equities are 1.4 per cent.

Not even 1 per cent of rural households in India are investors in stock markets, indicating a total lack of awareness among people about this mode of investment, the survey conducted by market regulator SEBI has revealed. There are only a mere 32 investors (0.234 per cent) amongst the 13,697 rural survey respondents. Of these investors, 21 (66 per cent) invest in mutual funds (MF), 4 (12.5 per cent) invest in equities and 7 (22 per cent) invest in bonds and debentures although none has ever invested in derivatives or futures, the SEBI Investor Survey (SIS) said. However, 95 per cent of rural survey respondents have bank accounts, 47 per cent have life insurance, 29 per cent have post office deposits and 11 per cent save in precious metals.

On a positive note, the survey found the investor base in India is increasing as nearly 75 per cent of the investors in the SEBI Investor Survey 2015 participated in the securities markets for the first time within the last five years. SEBI said the survey first listed a set of 204,694 households and basic information about demographics, income, savings and investments were collected. In the second step, a subset of 50,453 amongst these listed households were chosen to conduct the final survey. The data was used to create an estimate of the total number of investing households at the end of 2015.

Using a bootstrapping methodology project, it was estimated that there were a total of 3.37 crore investor households in India. Of these, 70 per cent (2.37 crore) reside in urban areas while the other 1 crore were rural households.

Although nearly all the survey participants are staggeringly aware of bank deposits (99.9 per cent), life insurance (94.7 per cent) and Post Office Savings (89.4 per cent), familiarity with Mutual Funds and equities is just 28.4 per cent and 26.3 per cent, respectively.

Summary of Interest Rates Applicable for Small Savings Schemes during Financial Year 2017-18

Summarised table of the revised rates of interest on various small savings schemes for the FY 2017-18 (i.e. Q1: 1 Apr. 2017 ~ 30 Jun. 2017 and Q2: 1 Jul. 2017 ~ 30 Sep. 2017) :

Instruments	Interest Rate (Q1 of 2017-18)	Interest Rate (Q2 of 2017-18)
Savings Deposit (SD)	4.0	4.0
1 Year Time Deposit (TD)	6.9	6.8
2 Year Time Deposit (TD)	7.0	6.9
3 Year Time Deposit (TD)	7.2	7.1
5 Year Time Deposit (TD)	7.7	7.6
5 Year Recurring Deposit (RD)	7.2	7.1
5 Year Senior Citizens Savings Scheme (SCSS)	8.4	8.3
5 year Monthly Income Scheme (MIS)	7.6	7.5
5 Year National Savings Certificate (NSC)	7.9	7.8
Public Provident Fund (PPF) Scheme	7.9	7.8
KisanVikasPatra (KVP)	7.6	7.5
SukanyaSamriddhi Account Scheme (SSAS)	8.4	8.30



Shri S.K. Mohanty, Executive Director, SEBI delivering the valedictory address at the Lucknow Session of the Empanelment of Financial Education Resource Person Program



Participants of the SEBI Financial Education Resource Persons Lucknow Empanelment Program