भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India



FUNDAMENTALS OF SECURITIES MARKET

Your Guide for Financial Growth

Preface

In today's world, managing money wisely is a life skill everyone must have.
Many people struggle with:

- Understanding Financial Products
- Misleading schemes and frauds
- Lack of information and inadequate planning for retirement

This makes financial literacy essential — it helps individuals make smart decisions about income, saving, spending, and investing.

Financial Education empowers you to:

- Understand and plan your income and expenses
- Build and Manage Assets and Liabilities
- Develop the habits of budgeting, saving, and investing
- Secure your future through Insurance and Pension

This booklet aims to provide a clear and practical understanding of personal finance. It introduces readers to the fundamentals of financial planning, various investment and savings products, mutual funds, insurance and pension schemes, retirement planning and ways to avoid financial frauds. It also highlights important investor protection measures, along with useful do's and don'ts of investing. By building financial awareness, this booklet serves as a guide to help individuals take control of their financial well-being with confidence.



Financial Planning = Purposeful Investment

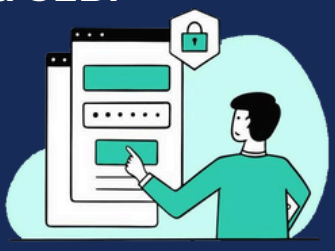
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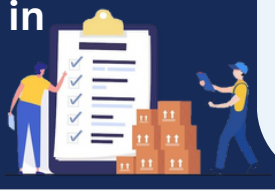
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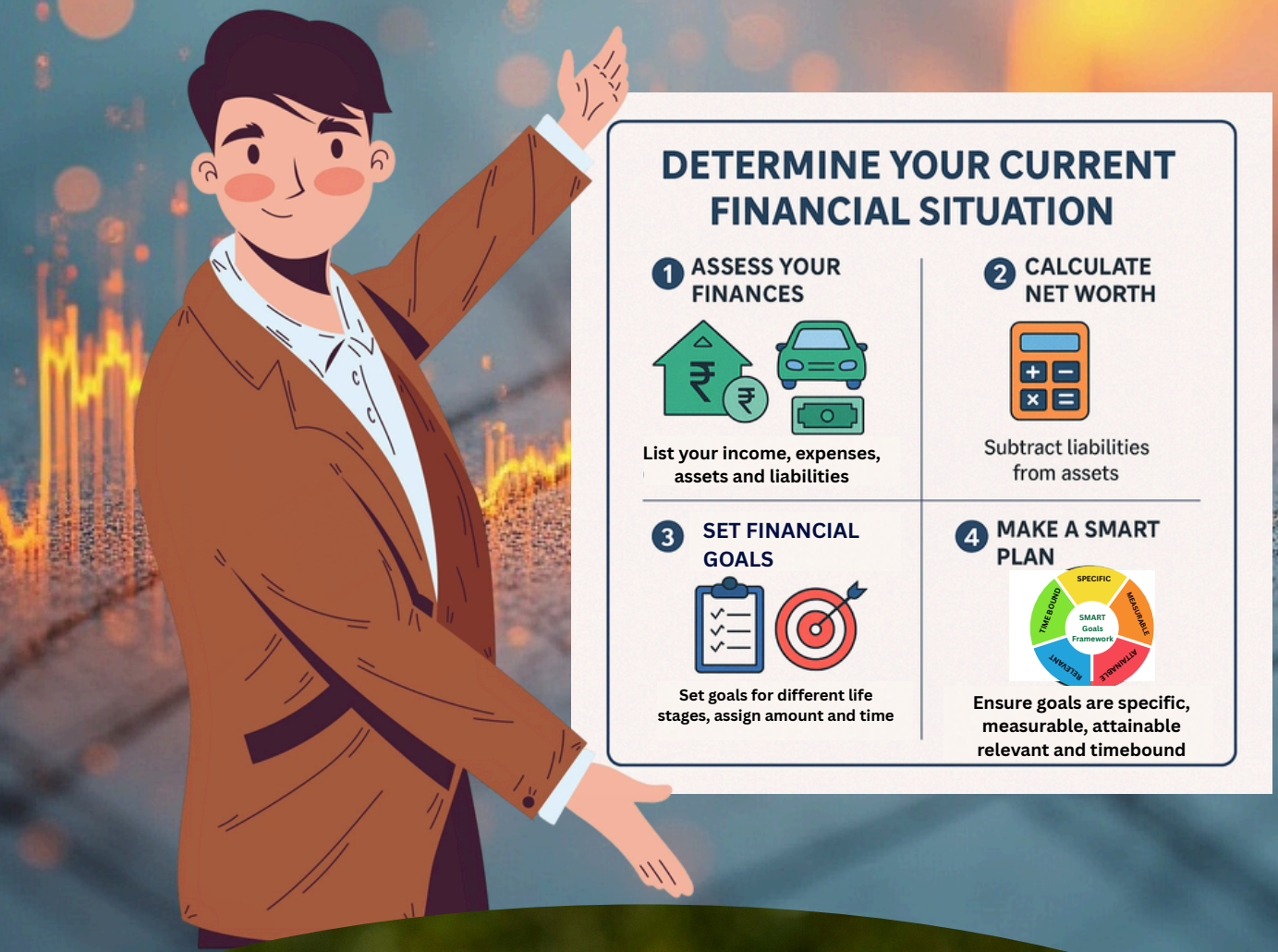


Know Your Money, Grow Your Money.



Module A

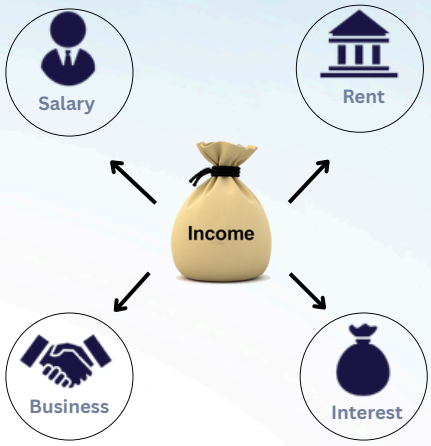
Financial Literacy and its related concepts



1. Income and Saving

Income

Income is the total amount of money earned by an individual or household from all sources such as salary, business, rent, interest, pension or government schemes. It is the foundation of personal finance. Managing income starts with understanding how much is earned, how regularly it is received and from where. To achieve financial security, it is important to not only earn but also diversify income sources over time—for example, by developing skills, taking up part-time work, or investing in income-generating assets.



Expenditure



Expenditure refers to the money spent to meet daily needs and financial obligations. It includes essential expenses such as food, housing, education, transport, healthcare and utility bills, as well as non-essential or discretionary expenses like shopping, dining out, or entertainment. Understanding and tracking expenditure is key to budgeting. A balanced budget ensures that expenses do not exceed income. **"Spend less than you earn."** Regular review of expenses helps cut down wasteful spending and improve savings.

Savings

Savings is the portion of income that is not spent and is kept aside for future use. It acts as a financial cushion during emergencies and helps meet short- and long-term goals such as buying a house, funding education or planning retirement. Building the habit of saving—no matter how small the amount—is the first step toward financial independence. Ideally, one should save at least 20% of monthly income and maintain an emergency fund equal to 6 months of expenses. Savings should be safe, easily accessible, and ideally kept in a bank account or liquid assets.



Savings related Products

Savings Account



- Earn interest on balance (usually 2–4% p.a.)
- Easy deposits & withdrawals
- Minimum balance requirement varies by bank



Current Account

- Primarily for businesses, firms, and traders.
- No interest gain on account balance
- Higher minimum balance requirement as compared to savings account

Fixed Deposit (FD)



- Investment of a lump sum for a fixed period at a fixed interest rate.
- Higher interest than savings account (usually 5–7% p.a.)
- Tenure of deposit (can vary from 7 days to 10 years)
- Premature withdrawal allowed with penalty



Recurring Deposit (RD)

- Regular saving through monthly deposits for a fixed tenure.
- Fixed monthly installment
- Fixed interest rate
- Tenure from 6 months to 10 years

Income – Expenses = Saving
🚫 (Old thinking)

Let's Flip the Equation to Change the Mindset:

Income – Saving = Expenses
📝 New Mindset:
"Save first. Spend what is left."

2. Investment



Investment

Investment means putting saved money into financial instruments or assets with the aim of generating returns over time. Unlike savings, investments involve some degree of risk but offer the potential for higher growth. Common investment options include mutual funds, fixed deposits, shares, bonds, gold, and real estate. Good investments beat inflation and help grow wealth. Before investing, one must understand personal financial goals, risk appetite, and time horizon. A common rule is to diversify investments and avoid putting all money into a single asset class. **"Invest early, invest regularly, and invest wisely."**



You water your plant, give it sunlight and wait patiently. After sometime, the seed grows into a plant that gives you fruits.

In the same way, when you invest money, it can grow and give you returns — extra income or profit.

The 3 Pillars of Investment

Protection of invested capital



Ex: Government bonds are considered as safe investments

Ease of converting investment into cash



Ex: Savings account is highly liquid; Real estate is less liquid

Income/ Return from investment (interest, dividends, capital appreciation)



Ex: Stocks may offer high returns but comes with higher risk

Investment Options



1. Bank Fixed Deposits (FDs)

- Bank FDs are one of the safest and most traditional investment options.
- You deposit a fixed amount with a bank for a fixed period (e.g., 7 days to 10 years).
- You earn interest at a pre-decided and guaranteed rate.
- Ideal for conservative investors seeking stable and fixed returns.
- As per DICGC rules, all deposits in Indian banks are insured up to ₹5 lakh per depositor per bank in any unforeseen event.



2. Public Provident Fund (PPF)

- The PPF is a government-backed savings scheme that offers attractive interest and complete safety.
- It has a lock-in period of 15 years, but the interest earned is tax-free.
- You can invest as little as ₹500 and up to ₹1.5 lakh per year.
- PPF is suited for long-term goals like retirement and children's education.
- The power of compounding over time helps build a significant corpus without any market risk.
- You can make one partial withdrawal per year from your PPF account after 5 financial years from the date of opening the account.



3. Mutual Funds

- Asset Management Company (Mutual Fund Houses) pools money from investors and invest in a diversified portfolio of stocks, bonds or hybrid.
- Mutual Funds are managed by professional fund managers.
- Mutual funds offer easy entry, liquidity, and diversification.
- They are ideal for investors who seek better long-term returns than savings or fixed deposits (FDs) without the hassle of selecting individual stocks.



4. Stocks (Equity Shares)

- Investing in stocks means buying ownership in publicly listed companies.
- When the company performs well, its stock price increases and you can earn capital gain.
- Stocks may also pay dividends.
- Stock investments carry higher risk due to market fluctuations, but they offer the potential for high returns in the long term.
- Stocks are suitable for informed investors with a good risk appetite and a long investment horizon.

Investment Options

5. Real Estate

- Buying property (residential, commercial or land) is another traditional form of investment in India.
- Real estate can generate rental income and long-term capital appreciation.
- However, it requires a significant amount of capital and is less liquid compared to other available investment options.
- Maintenance costs, property taxes and market fluctuations should also be considered.
- Ideally suitable for those looking to diversify beyond financial assets.

6. Gold

- Gold has been a preferred investment for generations.
- Today, apart from physical gold (jewelry, coins), investors can choose safer and more convenient options like Gold ETFs.
- Gold protects against inflation in the long run and acts as a financial safety net during uncertain times.
- While gold prices may fluctuate in the short term, it is considered a stable long-term asset.

7. National Pension System (NPS)

- The National Pension System (NPS), regulated by PFRDA, is a government-backed retirement scheme allowing individuals to invest regularly during working years and receive pensions and lump sum after retirement.
- The money is invested in equity, corporate bonds and government securities, depending on the investor's age and choice.
- It offers tax benefits and partial withdrawal after a few years.
- NPS is suitable for disciplined retirement planning.

9. Post Office Schemes

- Post Office investment schemes are ideal for small savers and are backed by the Government of India.
- Popular schemes include the Monthly Income Scheme (MIS), Senior Citizen Savings Scheme (SCSS), National Savings Scheme and Kisan Vikas Patra.
- These schemes offer fixed returns, are safe, and promote savings among rural and semi-urban populations.

10. Bonds and Debentures

- Bonds and debentures are debt instruments where you lend money to a government or company for a fixed tenure and earn regular interest.
- They are relatively low-risk compared to equity and provide predictable income.
- Government bonds are safer, while corporate bonds offer higher returns with a slightly higher risk.

Thought Process about Stock Market



Old Belief

"Stock market is risky"

"It's safer to keep money in savings accounts"

"Only rich or expert people can invest"

"I should avoid volatility"

New Thinking



"Lack of knowledge is risky; market gives opportunities"

"Savings lose value to inflation; stocks grow wealth over time"

"With Financial Education, anyone can invest smartly"

"Volatility is part of growth"



Key Message

"Volatility ≠ Risk"
unless you panic

Short-term fluctuations are normal. Invest for the long term to ride out volatility.

3. Financial Goals and Budgeting

Financial Goal



- A **financial goal** is a specific target you aim to achieve with your money within a defined time frame.
- It helps you plan and prioritize your savings and investments to meet life's needs and aspirations.

Short-Term (0–3 yrs)	Medium-Term (3–7 yrs)	Long-Term (7+ yrs)
Emergency Fund	Buying a car	Buying a House
Saving for Vacation	Higher Education	Child's Marriage
Buying a Gadget	Upgrading Home Appliances	Retirement Planning



EXAMPLE

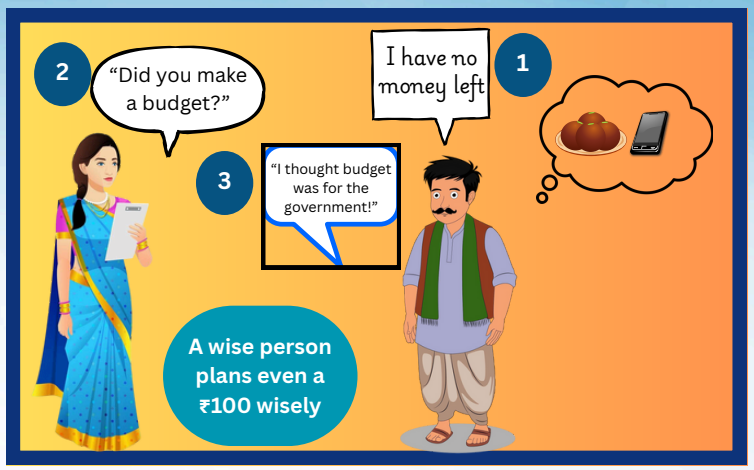
"I will save ₹7,500 per month from my salary for the next 12 months to buy a scooter worth ₹90,000, which I need for daily commuting."

S	Specific	"I want to buy a new scooter worth ₹90,000."
M	Measurable	"I will save ₹7,500 every month from my salary."
A	Attainable	"Based on my monthly income and expenses, I can easily save ₹7,500."
R	Relevant	"I need the scooter for commuting to my office to save time and transport cost."
T	Time bound	"I will buy scooter worth ₹90,000 in 12 months."



Budgeting

Budgeting means planning how to spend your money wisely. It helps you manage your income, control your expenses and save for your goals. Just like you plan your groceries before going shopping, budgeting helps plan your monthly or yearly spending, so you don't run out of money or fall into debt.





Why is Budgeting Important?

- Helps control unnecessary expenses
- Tracks income and spending
- Helps save for short- and long-term goals
- Reduces financial stress
- Prevents debt accumulation

How to Start Budgeting? (Simple 3-step Rule)

1

Know Your Income

Sources: salary, pension, rent, earning through business etc.

2

List Your Expenses

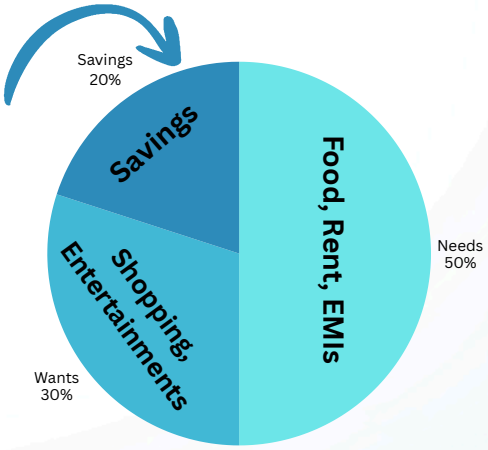
Essentials: Rent, groceries, school fees

Non-essentials: Eating out, subscriptions

3

Set spending limits and save before you spend.

Use the rule: 50-30-20 principle*



May vary according to your goal

Tips for Effective Budgeting

- **Keep a daily record of all your income and expenses—for a period of atleast six months.**
- **Differentiate between needs and wants**
- **Use budgeting apps or a simple spreadsheet**
- **Set realistic saving targets**
- **Review and revise it monthly**

4. Inflation

Have you noticed that the price of milk packet has gone up over the years? This rise in the prices of goods and services is called **inflation**.



Year 2015
₹20



Year 2025
₹60



What is Inflation ?

Inflation means your money loses value over time. ₹100 today will buy fewer things five years from now if prices keep increasing. Your money stays the same, but its power to buy things goes down.

How Does It Affect You?

If you save money in cash or a simple savings account, the value of your money may reduce in the long run. Your expenses increase, but your income or savings might not grow at the same pace.



Why Does Inflation Happen?

1. More Demand than Supply

Prices rise when goods are limited but demand is high.



2. Increase in production cost

If fuel or raw material becomes costlier, prices of goods/services also rises.



3. Wage Increases

When salaries go up, it creates demand that leads to increase in prices



Why Is It Important to Know About Inflation?







If you don't plan your money by thinking about rising prices, you might not have enough later for things like education, medical needs, or retirement

How to Protect Yourself from Inflation?



Don't keep all your money in savings accounts or cash.



Invest smartly – in mutual funds, gold, property, or stocks that can grow better than inflation.



Think long-term: start investing early and regularly.

Example: If the inflation rate is 6% and your savings account gives only 4% return, you are actually losing 2% in value every year.





Tip of the day :

Money saved is good. But money invested wisely is better!

5. Power of Compounding

Compounding is the process where the returns you earn on an investment are reinvested to generate additional returns. Over time, this creates a snowball effect — your money starts earning money on itself!

Simple Interest vs Compound Interest



"Start early, let your money grow with time!"

Invested amount = ₹1,000 lumpsum
Interest rate (R): 10% p.a.

Year	Simple Interest	*Compound Interest
1	₹1,100	₹1,100
2	₹1,200	₹1,210
3	₹1,300	₹1,331
10	₹2,000	₹2,594
20	₹3,000	₹6,727
40	₹5,000	₹45,259

*Approx.



Key Message

Compounding = Growth on Growth

Even small amounts grow big if you start early and stay invested. ₹1,000 invested lumpsum at 10%, becomes ₹45,259 (approx.) in 40 years with compounding.

Investment Growth Over Time

Simple interest adds same ₹100 each year. **Compound interest** grows faster because it earns **"interest on interest".**

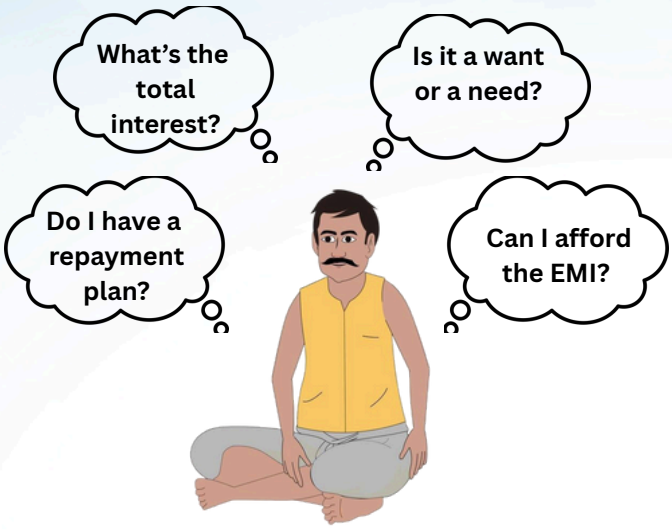
Example

You have an amount of Rs. 10,00,000, which you want to invest in a mutual fund for 15 years, giving a consistent return of 14% per annum. What would be the sum's maturity value(Future Value) at the end of 15 years?

You will receive an amount of Rs. 71,37,937.97 at the end of 15 years.

6. Think Before You Borrow Money

Borrowing is taking money now with a promise to repay later, usually with interest. Common types include personal, home, education, vehicle, and gold loans, as well as credit cards. Borrow wisely by assessing need, comparing interest rates, and ensuring timely repayment to avoid financial stress.



Why Do People Borrow Money?

- To meet urgent needs (like medical or education expenses)
- To make big purchases (home, vehicle, etc.)
- To start or expand a business
- To manage cash flow when income is delayed

Smart Alternatives to Borrowing:

- Start a monthly saving habit (SIP) instead of borrowing.
- Use emergency funds or delay non-essential expenses.
- Explore zero-cost EMI options only if you can repay on time.

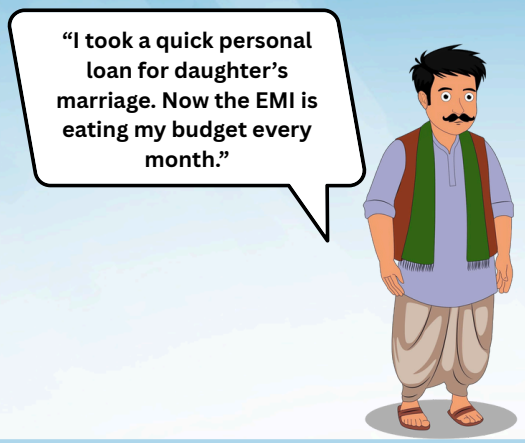
Types of Borrowing: Know Your Loan Before You Sign

1. Secured Loans

- A loan in which you pledge something valuable (like property, gold) as a collateral.
- Examples: Home loan, gold loan, car loan etc.
- Interest Rate: Usually lower, because lender has collateral asset.
- Risk: If you don't repay, the lender can seize your asset.



2. Unsecured Loans



*Credit score shows how well you repay loans.

- Loan taken without any security or collateral.
- Examples: Personal loans, salary loans, student loans without co-borrower.
- Interest Rate: High, because there's no collateral.
- Risk: Can negatively affect your **credit score*** if not repaid.

Example

A farmer borrows ₹50,000 from a moneylender at 3% per month i.e. 36% annual interest without paperwork, repaying ₹68,000 after one year. Another farmer takes the same loan from a bank at 7% interest per annum, repaying only ₹53,500.



Key Lessons:

- **Bank loans have lower interest rates compared to moneylenders.**
- **Borrowing from banks reduces the risk of falling into a debt trap.**

3. Credit Card Borrowing

- It provides short term liquidity for your expenses. If bills are unpaid by due date, high interest rate will apply.
- Interest Rate: Can go up to 36–48% per year.
- Best Use: Thoughtful spending





Example

Ravi uses his credit card to pay ₹20,000 for refrigerator. He pays only the minimum due, and the remaining amount grows to ₹23,880+additional charges* in six months due to 36% annual interest. Timely full payment would have avoided interest. (*approx)

Key Lessons

- **Credit card loans charge high interest on unpaid balances.**
- **No interest is charged if the full bill is paid on time.**
- **Use credit cards for short-term convenience, not long-term borrowing.**



4. Buy Now, Pay Later (BNPL)

- You buy a product/service now, and pay overtime in small EMIs, sometimes interest-free.
- Hidden Trap: Penalties & interest if you miss due dates.

5. Microfinance Loans / SHG Loans

- Small loans given by microfinance institutions or Self-Help Groups (SHGs), often in rural areas.
- Best for: Women, farmers, small businesses.
- Terms: Group lending, small EMI, moderate interest.



6. Education Loan

- Loan for academic courses. Some are subsidized by the government (interest subsidy scheme for weaker sections).
- Repayment starts after completion of course + grace period.
- Check for moratorium period, co-borrower requirement, etc.

7. Vehicle Loan

- Loan to buy a two-wheeler or four-wheeler.
- Collateral: The vehicle itself.
- Watch out for: Insurance bundling, down payment traps.

Tip **Don't go for the costliest car just because EMI seems affordable.**

8. Business Loan / Mudra Loan

- Loan for starting or expanding a small business.
- Types: Shishu (up to ₹50,000), Kishor (₹50K–5L), Tarun (₹5L–10L), Tarun Plus (₹10L-20L)
- No security needed for smaller amounts.

9. Loan Against Investments

- You can borrow against your fixed deposits (FDs), insurance policies, mutual funds or shares.
- Interest Rate: Lower than personal loans.
- Risk: If you don't repay, they can liquidate your investment.

You don't break your FD but still get liquidity.

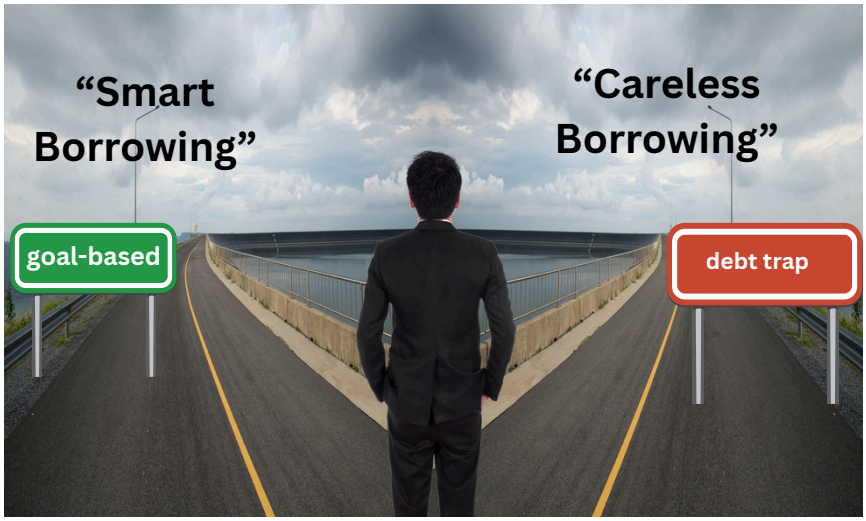
EXAMPLE

Ravi wants to buy a laptop worth ₹120,000. A finance company offers a 12-month EMI plan at 10% interest. The monthly EMI comes to *₹10,550. Over a year, Ravi would pay ₹*126599 — ₹6,599 more than the actual cost — plus a ₹1,500 processing fee.

Instead, Ravi considers saving ₹10000/month for 12 months. By the end of the year, he can buy the laptop without debt or extra charges, saving *₹8099 in total.

He chooses to wait and save, avoiding unnecessary borrowing and interest.

(*values are approximate)



Red Flags to Avoid



- Lenders offering guaranteed approval
- Loans through unregistered mobile apps
- Promises of zero-interest with hidden charges
- Taking new loans to repay old ones (Debt trap)



Key terms to know

1. **Collateral**: An asset that a borrower offers to a lender as security for a loan. (Collateral-free loans like under PM MUDRA Yojana, do not require such assets.)
2. **Debt Trap**: A situation where a person borrows money repeatedly and struggles to repay, leading to more borrowing.
3. **EMI (Equated Monthly Installment):** A fixed amount paid every month towards loan repayment, including both principal and interest.

Major Government Loan Schemes

Scheme Name	For Whom?	Loan Limit	Purpose	Recent Updates
Pradhan Mantri Mudra Yojana (PMMY)	Micro & small-business owners	Up to ₹20 lakh	Working capital / small biz loans	Tarun+ limit raised to ₹20L, repeat loans allowed
Stand-Up India Scheme	Women / SC/ST entrepreneurs (Greenfield)	₹10 lakh – ₹1 crore	New business ventures	₹2 cr scheme for first-time SC/ST & women launched
Credit Guarantee Scheme for MSMEs (CGTMSE)	Micro and small enterprises	Up to ₹10 crore	Business expansion	Digital processing; new ₹10 lakh MSME credit card
Kisan Credit Card (KCC)	Farmers & allied sectors	Up to ₹5 lakh	Crop / animal husbandry financing	Limit raised to ₹5L under credit subvention scheme
PMAY – Housing Loan (CLSS)	Low-income homebuyers	Up to ₹9 lakh	House purchase / construction	Not Eligible: Beneficiaries got housing aid from any scheme in the last 20 years
PM Vishwakarma Scheme	Artisans & traditional craftsmen	Toolkit + collateral -free	Skill, tools, livelihood support	2.37M registrations; stipend & tool support expanded
PM SVANidhi (Street Vendor Loans)	Urban street vendors	collateral-free micro credit up to ₹50,000	Working capital	Cycle-up to ₹50k; digital incentives added
Startup Credit Guarantee Scheme (CGSS)	DPIIT-recognized startups	Up to ₹20 crore (guaranteed)	Seed and early-stage startup funding	Guarantee cover increased from ₹10Cr to ₹20Cr

7. Asset Allocation and Diversification

Asset Allocation



Asset Allocation is the strategy of dividing your investment money across different asset classes (like equity, debt, real estate, gold, etc.) to match your financial goals, time horizon, and risk appetite.

Opting the right risk-return combination and choosing the right asset allocation can seem difficult. For a long-term goal, focus on diversified asset allocation.



Why it matters ?

- **Balances risk and return**
- **It helps you to stay on track with various goals**

Two Key Approaches :

Strategic Asset Allocation — A long-term, "set-and-review" strategy: fix a percentage split, then review annually

Tactical Asset Allocation — A short-term, flexible strategy: temporarily adjust your mix to seize market opportunities.

Diversification



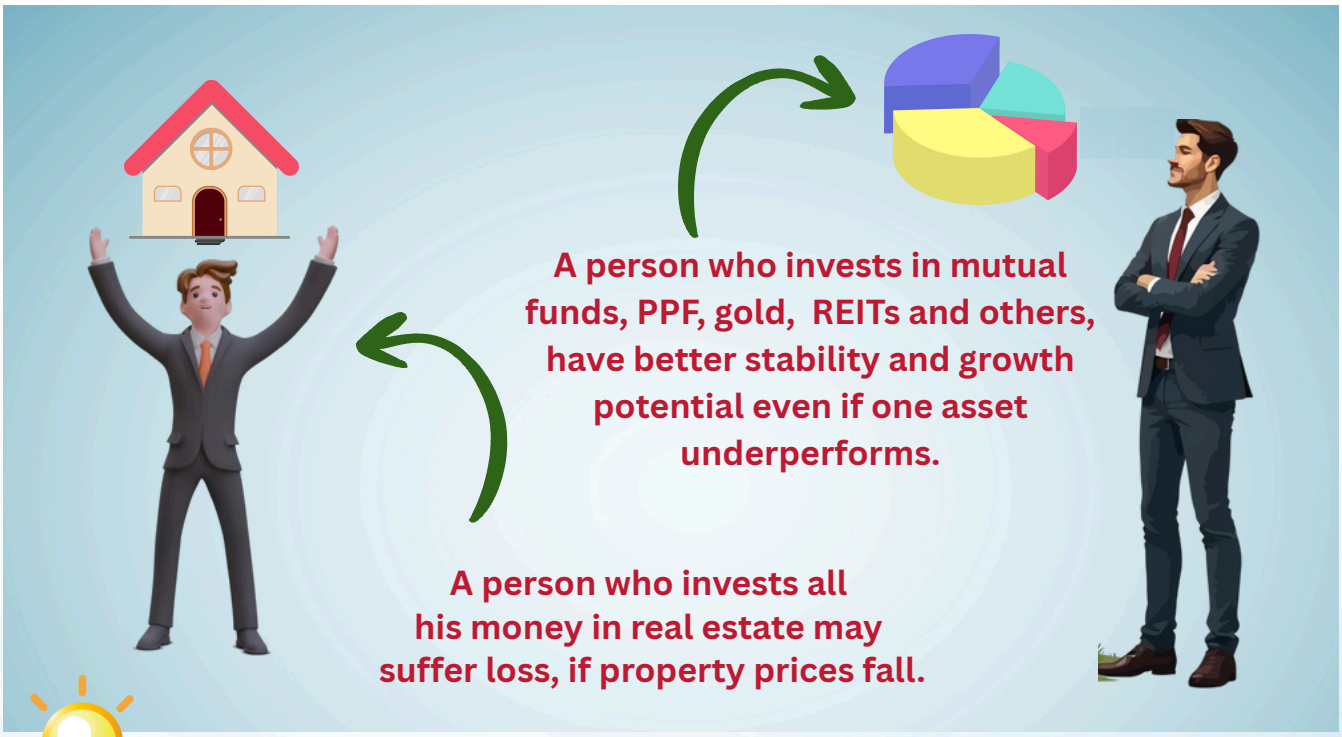
Diversification is the process of allocating capital in a way that reduces the exposure to any one particular asset or risk. A diversified portfolio contains a mix of distinct asset types and investment vehicles in an attempt to limit exposure to any single asset or risk.

"Diversify to defend, allocate to achieve!"

Why Asset Allocation + Diversification Matters?

- Lower risk by diversifying assets
- Protects from market volatility
- Avoids overexposure to a single asset
- Adapts to life stages and financial goals





Pro tip : Hybrid asset allocation (Fixed Deposit, Equity, Debt)
Multi asset allocation (Gold, Equity, Debt)

8. Risk and Return

Risk

Risk is the uncertainty or possibility of losing part or all of your investment. In simple words, it's the chance that you won't get the return you expected —or may even lose money. **Risk appetite** is the amount and type of risk an individual or organization is willing to take to achieve their financial goals.

Types of Risk



Tip of the day :

Choose investments based on your goals, risk appetite and time horizon

Return

Return refers to the gain or profit you earn from an investment over time.

Returns from Investment

Two Types of Returns

Type	Explanation	Example
Current Income 	Earnings from investment at intervals (monthly /annually)	Dividend from shares or Interest from FDs/Bonds
Capital Appreciation 	Return when investment value increases over Time	Buy 100 shares at ₹50, sell at ₹65 → ₹15 profit/share → ₹1,500 total gain



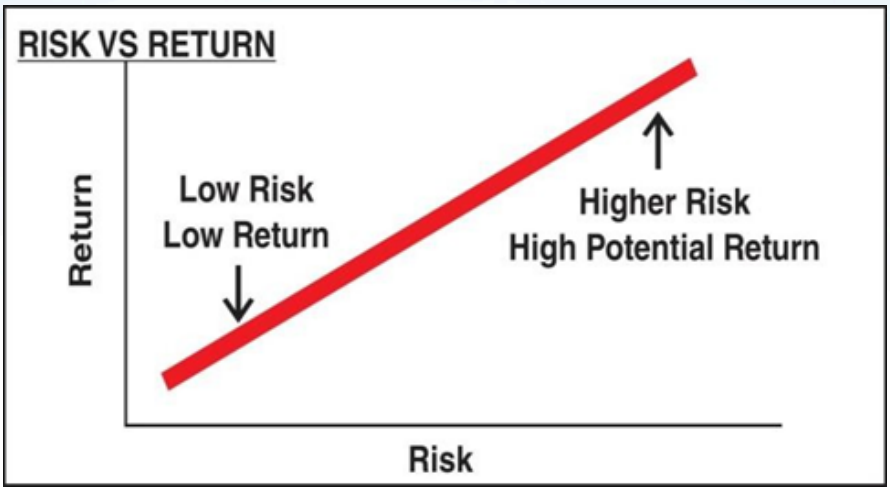
Example of Capital Appreciation

An investor bought 100 shares of company XYZ Ltd. at ₹50/- per share by paying ₹5,000/- in total. When the value of XYZ share increases to ₹65/- per share, and the investor sells 100 shares in the market, he or she will get 6,500 (100 Shares at ₹65/- per share). The investor stands to gain ₹1500/- from the initial investment that he has made. This is called capital appreciation/capital gain.



Risk vs Return

- **Higher return** → Usually comes with **higher risk**
- **Lower risk** → Usually results in **lower return**



No such thing as risk free investment

Risk and return relationship is a tradeoff.

Risk can not be eliminated, but managed

Manage your risk through diversification

Key Equations / Rules

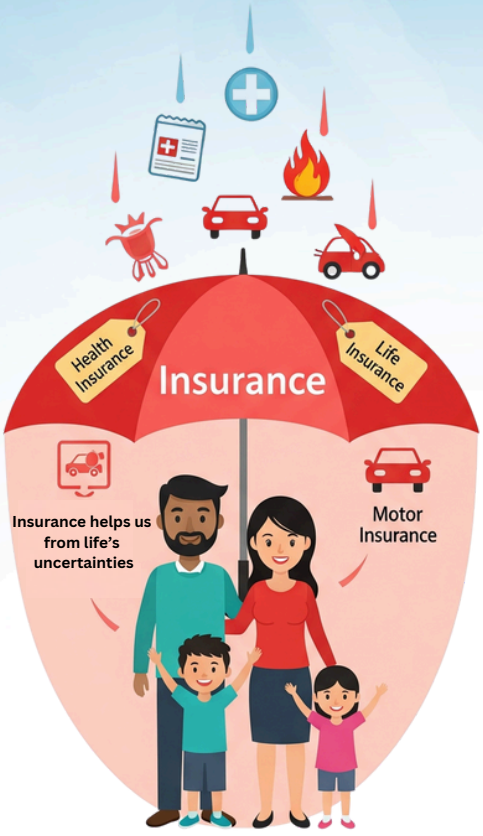
Real Return = Nominal Return – Inflation Rate

Helps you understand actual purchasing power.

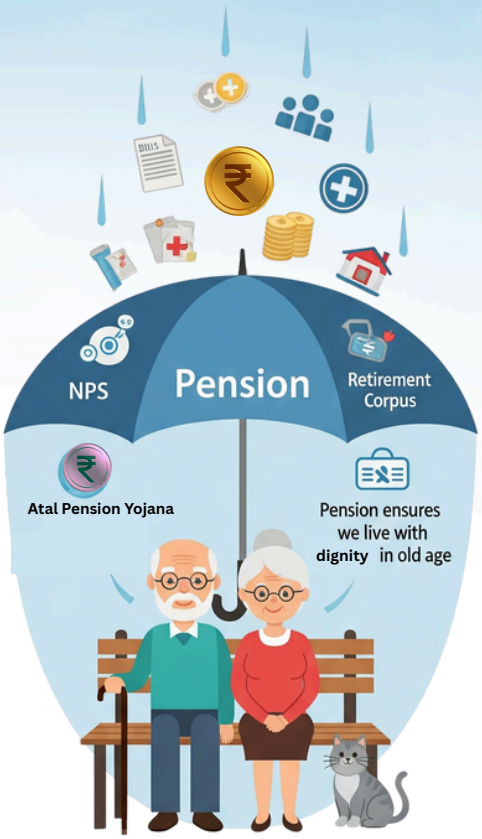
Risk-adjusted Return = (Return – Risk-Free Rate) / Standard Deviation

- **Once you invest in any asset class you should monitor your investments on a regular basis and keep yourself updated about various market happenings to take corrective action.**
- **Always check the potential risks and do proper due diligence when promised returns are usually high.**

9. Pension and Insurance



Insurance helps us from life's uncertainties



Pension for old age

Pension

Pension is a regular income you receive after retirement. It helps you cover daily expenses and medical costs when you retires.



Popular Pension Schemes

National Pension System (NPS)

Regular post-retirement income + tax benefits

PM-Kisan Maandhan Yojana

- **Small and marginal farmers aged 18–40**
- **Benefit: Pension of ₹3,000/month after 60 years**
- **Contribution: ₹55 to ₹200 per month**

Atal Pension Yojana (APY)

For workers in unorganised sector (₹1,000–₹5,000/month pension)

Insurance

Insurance is a financial tool that protects you and your family from unexpected losses—like accidents, illness or death. It helps cover large expenses so that your savings and income are not wiped out.



Major types of Insurance

- Motor Insurance
- Health Insurance
- Life Insurance
- Term Insurance

Scheme Name	Coverage	Annual Premium (July 2025)
Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)	Life insurance (₹2 lakh)	₹436
Pradhan Mantri Suraksha Bima Yojana (PMSBY)	Accidental death/disability (₹2 lakh)	₹20
Ayushman Bharat – PM-JAY	Health cover (₹5 lakh/family)	Free for eligible families

Tip of the day :

**"Pension gives you peace after retirement.
Insurance protects you during life's emergencies."**

10. Emergency Fund: Your Financial Safety Net

Emergency Fund

An Emergency Fund is money that you set aside to cover unexpected expenses.



Job loss



Medical emergencies



Major home or car repairs

Importance of Emergency Fund

It protects you from taking loans or selling investments during tough times. Think of it as a cushion that helps you stay stable during financial shocks.



EXAMPLE

During the COVID-19 lockdown, Amit, a 35-year-old marketing executive, lost his job. Thankfully, he had built an emergency fund of ₹1.5 lakh—equal to 6 months of expenses.
It took him 3 months to find new work. Meanwhile, he used the emergency fund to cover rent, groceries, and bills without borrowing or breaking his investments.



Tip of the Day:

Save at least 6 months of your regular expenses in an easily accessible bank account

Module B

Introduction of Securities Markets and Securities and Exchange Board of India



1. Securities Market and its Ecosystem

What is Securities Market ?

The securities market is a platform where financial instruments like **shares, bonds, debentures, mutual fund units, and derivatives** are bought and sold. It connects investors (those with money to invest) with entities (like companies and governments) who need funds to grow or run operations.

Step by Step Investment Guide

1. **Open/Link Bank Account**
2. **Get KYC done**
3. **Open a Demat & Trading Account with SEBI-registered Stock Broker/ Depository Participants**
4. **Start Small:**
   - **Exchange-Traded Funds (ETFs)**
   - **Blue-Chip Stocks (safe, well-established companies)**

Know Your Customer (KYC)

KYC is a mandatory process that verifies your identity and address.



Why it's important ?

- **Confirms your identity**
- **Prevents fraud**
- **Required before opening Demat & Trading account**



e-KYC

It is the electronic process of verifying a customer's identity using digital means, typically through Aadhaar-based authentication in India. It enables paperless, quick, and secure customer onboarding for financial and government services.

What you need ?

- **PAN Card**
- **Aadhaar Card (linked to mobile number)**
- **Photograph**
- **Signature**
- **Bank proof (cancelled cheque or passbook copy)**

Structure of the Securities Market

Primary Market

Where securities are issued for the first time
Example: Company launches an IPO (Initial Public Offering)





Secondary Market

Where securities are traded in the stock market after it is listed
Example: You buy/sell shares via stock exchanges like NSE or BSE

Investor's Journey in IPOs



- **IPO stands for Initial Public Offering.**
- **It is the process through which an unlisted company offers its shares to the public for the first time to raise money.**

Application Supported by Blocked Amount (ASBA)



- Retail and HNI investors can apply for an IPO through the Application Supported by Blocked Amount (ASBA) methodology.
- In this model, the application is made by an investor, with an authorization to the Self-Certified Syndicate Bank (SCSB) to block funds in Savings or Current Account.
- ASBA can be used for all equity book built IPO, debt and rights issues.
- ASBA facility can be used for Initial Public Offer (IPO) and Follow-on Public Offer (FPO) too.

Different types of Securities



Security Type	What It Means
Equity (Shares)	Ownership in a company
Debt (Bonds, Debentures)	Lending money for interest
Mutual Funds	Pool of investors' money managed professionally
Derivatives	Contracts based on price of underlying assets (for hedging or speculation)
ETFs (Exchange-	Basket of assets traded like stocks

How the Securities Market Helps the Economy ?

- Mobilizes savings for productive use
- Encourages corporate transparency
- Helps government borrow via bonds
- Enables investment opportunities for individuals

Ecosystem of Securities Market



Role	Who/What They Are	Function
🛡️ **Regulator**	Securities and Exchange Board of India	Regulates the Securities Market and Protects the Investor's interest
🏛️ **Stock Exchanges**	NSE, BSE	Platform where securities are bought and sold
Commodity Exchanges	MCX, NCDEX, ICEX	Platform where commodities are bought and sold
📥 **Depositories**	NSDL, CDSL	Hold securities in demat form
🤝 **Brokers**	Intermediaries registered with SEBI	Intermediaries who help you buy/sell securities
💰 **Asset Management Companies**	Mutual Fund Houses	Pool money from investors and invest in various asset class
📈 **Investment Advisors**	SEBI-registered professionals	Guide on what, how, and where to invest
🏦 **Banks**	Scheduled Banks	Handle payments, fund transfers, ASBA services
📊 **Rating Agencies**	Authorised agencies	Rate the safety of bonds and other instruments
🗂️ **Registrars & Transfer Agents**	Authorised agents	Handle shares, mutual funds, records etc.
👥 **Investors**	You, Me and Institutions	Provide capital and expect returns



Tip of the Day:

"Your money should work even when you sleep — that's what investing does."

Point to Remember



(S.A.F.E.T.Y.)

S: SEBI-registered platforms only
A: Avoid tips & traps
F: Focus on long-term
E: Educate yourself
T: Track performance & taxes
Y: Your goals matter most



- Check for SEBI Registration before investing with any intermediary
- Use SEBI's investor education portals like investor.sebi.gov.in to stay informed

2. Role and Functions of SEBI

About SEBI

The Securities and Exchange Board of India (SEBI), established in 1988 and granted statutory powers in 1992, is the regulatory authority for the securities market in India. Its primary mandate is to protect investors, promote the development of the securities market, and regulate its functioning to ensure transparency, efficiency, and fairness. SEBI plays a vital role in building investor confidence by enforcing rules, preventing market manipulation, and ensuring that all market participants – including listed companies, stock exchanges, mutual funds, and investment advisors follows ethical and transparent practices.



Role and Functions of SEBI

Protect investor interests



- SEBI conducts investor awareness programs, especially for rural and semi-urban areas through Market Infrastructure Intermediaries (MII)/ Depositories
- Examine online filing of complaints through SCORES and resolving online disputes through ODR.
- Monitors insider trading, market manipulation and fraudulent practices.
- Takes action against unregistered advisors, misleading investment platforms and market manipulations

Regulate the securities market



- Frames regulations for stock exchanges, brokers, authorised person, portfolio managers and investment advisers.
- Enforces rules for fair trading practices and disclosure norms.
- Regulates market intermediaries like mutual funds, credit rating agencies and custodians.

Promote orderly development of market



- Facilitates market infrastructure development (e.g., T+1 settlement, online trading).
- Encourages institutional participation in capital markets.
- Development of new products like Micro SIP etc.

Module C

Investment in Securities Markets



All systems go ! Gappu is ready to invest in the securities universe

1. Pre-requisites to Invest in the Securities Market

Before you start investing in shares, mutual funds, or bonds, there are some essential steps you must take. This helps to ensure that your identity, money, and investments are safe and properly recorded.

Saving Bank Account

A Bank account where you keep your money. Money transactions for investments are done through this account.

Why it's important:

- **For fund transfers (to and from your Demat and Trading A/C)**
- **Dividends and sale proceeds are credited here**



Demat Account (Dematerialized Account)

A digital locker to hold your securities (like shares, ETFs, bonds) in electronic form.

Why it's important:

- **Safely stores your investments**
- **No physical share certificates**
- **Opened with a Depository Participant (like a bank or broker)**



Tip of the day :

Start small, learn the ropes, and invest regularly. The market rewards consistency and patience more than speed!

Trading Account

A platform (web or app) that allows you to buy and sell securities in the market.





Why it's important:

- **Executes orders to buy/sell**
- **Linked to your Demat and Bank A/C**
- **Opened with a SEBI-registered broker**



Do You Know ?

- **A BSDA account—short for Basic Services Demat Account—is a cost-effective demat account designed to make stock market participation easier for small and beginner investors in India**
- **Offers basic demat services with lower or zero annual maintenance charges (AMC) depending on your holdings.**

Eligibility Criteria

1. **You must be the sole holder of the account.**
2. **You can have only one BSDA account across all brokers**
3. **Your holdings must not exceed ₹10 lakh at any point**

Tip for New Investors

"Don't rush into the market without your full toolkit! Make sure your KYC, Savings Account, Demat Account, and Trading Account are all set—only then can your investment journey take off smoothly."

2. Investment Products

Investment products are financial instruments that help individuals grow their wealth by putting their money to work. These products vary in terms of risk, return, liquidity, and time horizon. Choosing the right mix depends on your financial goals, risk appetite, and investment horizon.

1. Shares / Equity

Buying a share means owning a part of a company.

Returns:

Profit through price rise (capital gain) or dividends.

Risk:

High (Depends on market fluctuations)



2. Mutual Funds & ETFs

A Mutual Fund is a pool of money collected from many investors and invested by a professional fund manager in stocks, bonds, and other assets.

Returns:

Moderate to high, depending on type (equity, debt, hybrid).

Risk:

Varies by fund type. Units are traded like shares & the risk may be moderate



Tip of the day :

"Every product has its own risk and return. Always match your investment to your goal, time frame, and risk appetite."

3. Bonds

Bonds are marketable securities you give to companies or the government. In return, they promise to pay you interest regularly and return your money after a fixed period.



Returns:	Risk:
Fixed interest income.	Moderate

4. Derivatives (Futures & Options)

Financial contracts that derive value from underlying assets like stocks or commodities.

Returns:	Risk:
Can be high, but risky and complex.	Very High.





Smart Tips for Readers:

- **Always understand the commodity, its market drivers (like weather, global prices, demand-supply), and contract terms before investing or hedging.**
- **Use demo accounts or mock trading platforms offered by commodity exchanges to practice before putting in real money.**

5. REITs (Real Estate Investment Trusts) & InvITs (Infrastructure Investment Trusts)

Investment in real estate or infrastructure through listed units—like owning part of malls, roads, power plants. (Minimum Investment ₹10,000-₹15,000)



Returns:

Regular income + Capital appreciation.

Risk:

Moderate.

6. Commodity Derivatives

Trade contracts based on commodities like gold, silver, oil, wheat.



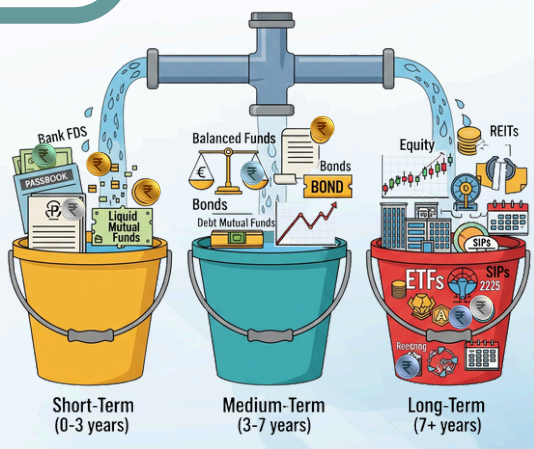
Returns:

Based on price movements of the commodity.

Risk:

High; suitable for informed investors.

Three Bucket Investment Strategy



3. Do's and Don'ts for Investing in the Securities Markets



Do's for Safe Investing in Securities Markets:

✓Complete your KYC with SEBI-registered intermediaries before investing.
✓Understand the product, associated risks, and market trends before making investment decisions.
✓Keep copies of agreements, application forms, account statements and all communications.
✓Always invest through SEBI-registered stockbrokers, mutual funds and advisors.
✓Regularly review your account statements and portfolio performance.
✓Raise complaints quickly with intermediaries or on SCORES if unresolved.
✓Check for SEBI registration number before engaging with any Investment Adviser (IA).
✓Pay advisory fees only—no commission or brokerage unless explicitly permitted.
✓ Make payments via banking channels (NEFT, UPI, cheque) only—avoid cash.
✓ Always keep signed receipts with payment details for your records.
✓ Ensure advice is aligned with your risk profile and investment objectives.
✓ Evaluate risk–return, liquidity, and safety aspects of the suggested investments.
✓ Get terms and conditions in writing, signed and stamped by the adviser.
✓ Be vigilant in reviewing statements and transactions regularly.
✓ Approach the appropriate authority (e.g., SEBI) if in doubt or facing grievances.

Don'ts While Dealing with Investment Advisers



🚫 Never share your trading passwords, PINs, or OTPs with anyone.
🚫 Be cautious of schemes promising fixed or high returns—no investment is risk-free.
🚫 Avoid decisions based on tips from unverified sources like social media or WhatsApp forwards.
🚫 Act promptly on any unauthorized or suspicious transactions in your account.
🚫 Avoid investing in products or schemes you do not fully understand.
🚫 Delay may lead to loss of evidence and lower chances of redressal.
🚫 Do not deal with unregistered entities—always verify SEBI registration first.
🚫 Don’t fall for stock tips disguised as professional investment advice.
🚫 Never hand over your money to an Investment Adviser for direct investment—this is prohibited.
🚫 Avoid any adviser promising assured or guaranteed returns—these are red flags.
🚫 Don’t let greed cloud your judgment—high returns often mean higher risks.
🚫 Do not believe in flashy advertisements or market rumours that claim instant gains.
🚫 Avoid acting solely on phone calls, WhatsApp, or SMS tips—verify through official means.
🚫 Don't act impulsively due to repeated persuasion through calls or messages.
🚫 Stay away from so-called 'limited-period offers', gifts, or discounts—these are often traps.
🚫 Do not invest in products that do not match your risk appetite and financial goals—ask questions and understand before you invest.

4. Tax Treatment on Investments in Securities Market

What is Capital Gain ?

- When you sell an investment like shares, land, gold, or mutual funds at a higher price than you bought it, the profit you make is called Capital Gain.
- This profit is taxable. But how much tax you pay depends on how long you kept (held) the investment.

Two types of Capital Gains

Short-Term Capital Gains (STCG)

If you sell your investment within a short period — the government charges short-term tax.

Equity Shares & Equity-oriented Mutual Funds (held ≤12 months):

20% tax + Cess

Other assets (physical gold, real estate):

If held <24 months : taxed at marginal slab rate

Long-Term Capital Gains (LTCG)

If you hold your investment longer before selling, you pay less tax.

Equity Shares & Equity-oriented Mutual Funds (held >12 months):

12.5% on gains exceeding ₹1.25 lakh per financial year

Non-equity assets (real estate, physical gold):

LTCG (held >24 months) taxed at 12.5% (without indexation adjusting for inflation*)

*Earlier there was a concept of indexation on LTCG, not available now



Equity-Oriented Mutual Funds (Funds with ≥65% equity exposure)

Type	Holding Period	Tax Type	Tax Rate
Short-Term Capital Gain (STCG)	≤12 months	STCG	20% + cess
Long-Term Capital Gain (LTCG)	>12 months	LTCG	12.5% + cess on gains > ₹1.25 lakh/year





Debt Mutual Funds (Funds with <35% equity exposure)

All debt funds are taxed as STCG irrespective of holding period at marginal slab rate

Hybrid Mutual Funds

- Equity-oriented hybrid funds (≥65% equity): taxed like equity mutual funds
- Others (like debt-heavy hybrid funds): taxed like debt funds

Key Takeaways

- Equity Mutual Funds enjoy LTCG exemption up to ₹1.25 lakh per year.
- New Debt Mutual Funds no longer get indexation benefit.
- Invest for the long term (>12 months for equity) to benefit from lower tax rates.
- Always invest via banking channels and keep proper documentation for tax filing.

5. Understanding Mutual Funds – A Smart Path for Wealth Creation

What is a Mutual Fund?



A Mutual Fund is a pool of money collected from many investors, which is then invested by professional fund managers in various financial assets like stocks, bonds, or hybrid, depending on the types of funds/scheme.

Why Invest in Mutual Funds?

Diversification - Your money is spread across various types of investments, reducing overall risk.

Professional Management - SEBI-registered fund managers make informed investment decisions on your behalf.

Flexibility - You can start investing with as little as ₹100 per month through a SIP (Systematic Investment Plan).

Transparency - Information about returns, risks, and fund holdings is publicly available.

Liquidity - Mutual funds offer easy access to your money. You can redeem (withdraw) your investment partially or fully at any time (except in lock-in funds).

Tip of the Day:

"Once you start, don't stop.
Small steps every month become serious wealth over time."

Index Funds

Index Funds are a type of mutual fund or exchange-traded fund (ETF) that aim to replicate the performance of a specific market index, such as the Nifty 50 or Sensex in India,
Nifty 50 index includes the top 50 Indian companies. An index fund that tracks Nifty 50 will invest in the same 50 companies in the same proportion as the index.

Direct Plan (Direct Scheme)

A Direct Plan is where the investor invests directly with the Asset Management Company (AMC)—without involving any distributor, broker, or intermediary.



Key Features:

- Lower Expense Ratio (no commission or distribution fees)
- Higher returns over long-term due to lower costs
- Investor must make decisions independently

Regular Plan (Indirect Scheme)

A Regular Plan is where the investor invests through a distributor, advisor, or broker. The intermediary receives commission from the AMC.



Key Features:

- Higher Expense Ratio (includes commission)
- Professional guidance from the intermediary
- Suitable for new or less-informed investors



Based on Structure

Open-ended Funds

- You can invest or withdraw anytime.
- Net Asset Value changes daily.

Close-ended Funds

- Invest only during New Fund Offer (NFO).
- Fixed maturity period.
- Traded on stock exchanges.

Interval Funds

- Open for purchase/ redemption at specific intervals only.

Based on Asset Class

Equity Funds

- Invest mainly in stocks.
- Suitable for long-term wealth creation.
- Large-cap, Mid-cap, Small-cap, ELSS

Debt Funds

- Invest in fixed-income instruments like bonds, treasury bills. Lower risk, stable returns.
- Liquid Funds, Gilt Funds.

Multiasset Funds

- Mix of equity, debt and gold.
- Balanced risk and return.
- Aggressive Hybrid, Conservative Hybrid.

Based on Risk Profile

Low Risk Schemes

- Invest in treasury bills, government securities, short-term debt

Moderate Risk Schemes

- Hybrid funds, multi asset funds, balanced equity-debt funds

High Risk Schemes

- Equity funds, sectoral/thematic funds, small-cap funds

Based on Speciality

Domestic Schemes

- Invest primarily in Indian markets

International / Global Schemes

- Invest in foreign markets (e.g., US tech stocks, global bond funds)



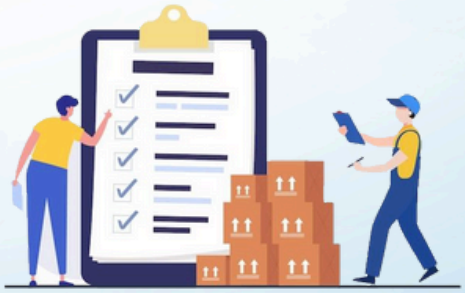
Based on Investment Style

Active Funds

- Fund manager actively selects securities aiming to beat the market

Passive Funds

- Track an index (like Nifty, Sensex) with minimal manager involvement



Based on Investment Horizon

Short-Term (<1 year)

- Liquid Funds
- Ultra-Short Duration Funds

Medium-Term (1–5 years)

- Hybrid Funds (Balanced)
- Short Duration Debt Funds.

Long-Term (5+ years)

- Equity Funds
- ELSS
- Index Funds
- Thematic Funds



A bus ride towards wealth goal:

- You book a seat (invest your money)
- A driver (fund manager) takes you on a planned route /investment strategy
- You reach a destination (financial goal) with less effort and shared cost

What is a Contract Note ?

A Contract Note is an official, legal record of a transaction executed on a stock exchange by a broker on behalf of an investor. It serves as proof of the trade, outlining essential trade details like quantity, price, brokerage, taxes and total amount.

How to start Mutual Fund Investment ?

Obtain PAN Card
Secure a PAN card for financial transactions

Open Bank Account
Open and link a bank account for investment activities

Choose the option of investment
Select Direct MF/ Regular Agent

Complete KYC
Fulfill KYC requirements for compliance

Pick fund
Select a mutual fund scheme for investment

Start SIP, invest monthly/ lump sum
Choose between monthly SIP or Lump sum investment based on your goals

Monitor regularly
Regularly track your fund performance

Riskometer



The Riskometer is a tool to help investors quickly understand the risk level of a mutual fund scheme, ranging from Low to Very High. It acts like a speedometer, using color codes and labels to show how risky the investment is. Investors should choose funds based on their own risk capacity and financial goals.

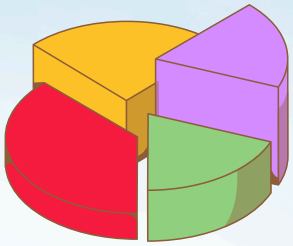


Key terms to know

1. **NAV (Net Asset Value)**: It is the per-unit value of a mutual fund or investment scheme
2. **AMC (Asset Management Company)**: The company that manages the mutual fund.
3. **Fund Manager:** Market expert who takes investment decisions.
4. **Expense Ratio:** Fee charged for managing the fund.

Systematic Investment Plan (SIP)

A SIP is a mode of investing in Mutual Fund Schemes regularly. SIPs can be daily, weekly, fortnightly, monthly or quarterly. You get to invest a predetermined, fixed amount at predetermined intervals in Mutual Fund Schemes. When you start a SIP, your chosen SIP amount gets deducted from your bank account and gets invested in the Mutual Fund Scheme of your choice at chosen intervals.



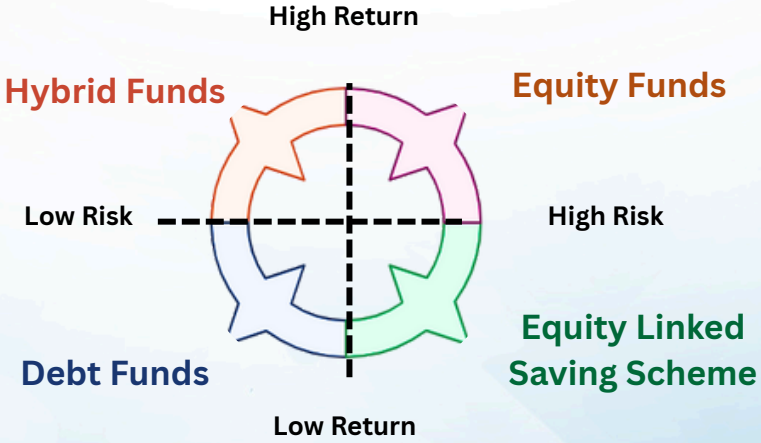
WILL THE MUTUAL FUND INVESTMENT BE CANCELLED IF A SIP PAYMENT IS MISSED?

Missed the payment once? No problem!
Missed the payment twice? No problem, again!
Missed the payment thrice? Uh oh! Problem!

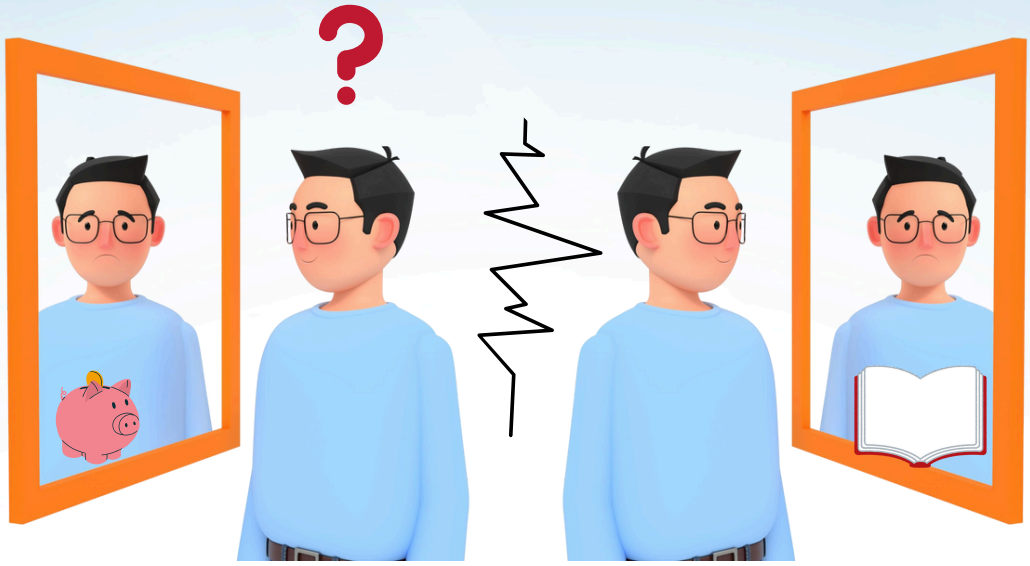
If you are unable to continue your SIP, that doesn't necessarily mean you will have to miss your payments or discontinue it. You can simply pause your SIP and avoid penalties or cancellation. Once your finances are better, you can restart the same SIP.



SIP Analysis



Common Myths vs Facts about MUTUAL FUNDS



“It is often believed that mutual funds are only for the wealthy.”	**Anyone can start with small amount**
“SIP means investing in large amount at a time”	**SIP is just a way of investing small amount regularly**
“Returns are fixed like FD”	**Mutual funds are market-linked with comparatively higher return than FD**
“Too risky”	**Debt & Hybrid funds are low/ moderate-risk options**

What is a Choti SIP ?

Choti SIP is a small-ticket SIP initiative proposed by SEBI that allows investors to start investing in mutual funds with as little as ₹250 per month —a substantial reduction in the entry barrier for retail and low-income investors

Module D

Beware of Investment Scams and Cyber Frauds



1. Digital Hygiene and Protection from Cyber Frauds/ online scams

Beware of Fraudulent Schemes

Stay Safe, Stay Informed

In recent years, India has witnessed several high-profile cases where unsuspecting investors lost their hard-earned money due to unregistered or fraudulent entities offering **"too good to be true"** investment schemes. These schemes outside regulatory oversight can grow unchecked and collapse disastrously. These cases reveal how fraudsters exploit trust and lack of awareness to promise unrealistically high returns in a short time.



🎯 "Don't Fall for the Trap: Learn from Real Scams in the Stock Market!"



"Pump and Dump" Scam — A Price Trap

What Happened?

Some smart-sounding people on Telegram and WhatsApp groups were sending messages like:

"This stock is going to double in 2 days! Buy quickly!"

Many people trusted them and started buying that stock. The price of the stock went up fast. But here's the catch — those same people had already bought the stock at a low price. When the price rose, they sold it and made big profits, and the common people were left with useless, overpriced shares.

What Can We Learn?

- Don't trust tips from unknown groups or social media.
- If everyone is shouting "Buy fast!", it's often a trap.
- Always check the background of a stock before investing.

🚨 "Double in 2 Days!" — A Price Trap







✓ Don't trust high-return promises
✓ Always check with SEBI registered financial advisors
✓ Report frauds on SCORES

Common Types of Investment Frauds:

1. **Ponzi and Pyramid Schemes**
   Promises of high returns using money from new investors to pay earlier ones. Eventually collapse when inflow stops.

2. **Fake Investment Advisors/Apps**
   Entities not registered with SEBI giving stock tips or portfolio management advice.

3. **Phishing and Identity Theft**
   Fraudsters posing as SEBI brokers or banks to steal personal data or OTPs.

4. **Pump-and-Dump Scams**
   Artificially inflating share prices using false information and then selling them off.

5. **Social Media Scams**
   WhatsApp/Telegram groups or fake Twitter handles promoting manipulated stocks or IPOs.

6. **Chit Fund and MLM Frauds**
   Unregulated chit funds or multi-level marketing (MLM) schemes masking as investment plans.

7. **Crypto Investment Frauds**
   Platforms offering fake tokens or unregistered digital assets.

Cyber Scam Through Fake Trading Apps



What Happened?
Recently, many people across India lost their savings through fake stock market apps.

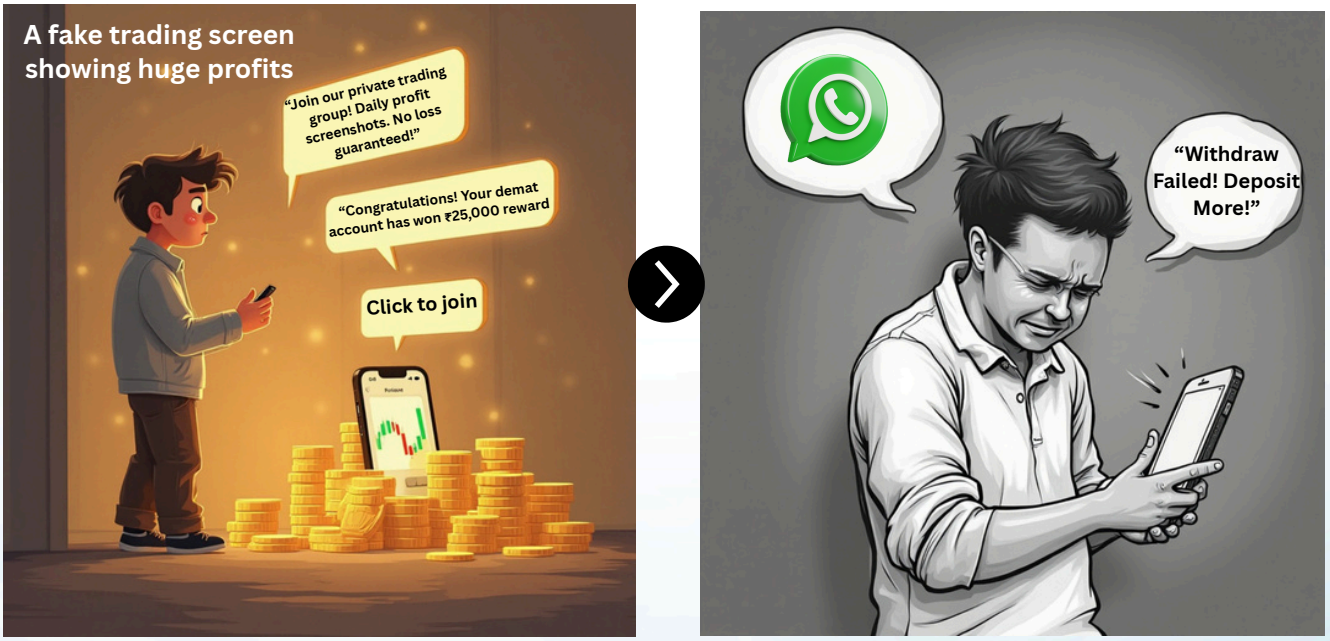
Here's how it worked:

1. They got added to a WhatsApp group that looked official.
2. They were told to download an app that looked like a real trading app.
3. They started investing money and even saw fake profits in their app.
4. When they tried to take out the money — the app asked for more money!
5. In the end, the app disappeared, and the money was gone forever.

What Can We Learn?

- Never download trading apps from random links.
- Always check if the broker/intermediary is approved by SEBI.
- Use SEBI's new tool "SEBI Check" to verify brokers/intermediary.
- If it looks too easy or too good to be true — it's probably fake.

🕵️‍♂️ "Your Money is Growing!" — But in a Fake App



With the right awareness and support, everyone—including senior citizens and those with limited formal education—can take charge of their financial well-being.

To protect investors, SEBI regularly publishes cautionary lists of unregistered advisors and investment platforms. It has increased surveillance on digital influencers, unauthorized investment apps and finfluencers promoting risky schemes. In 2023–24, SEBI also launched investor awareness campaigns under the Investor Protection and Education Fund (IPEF) urging citizens to "Check before you invest."

✓ **Always verify and check the fundamentals of the stock—don't follow market hype blindly.**

✓ **Importance of diversification—don't put all your money in a single stock or sector.**



Key terms to know

1. **Phishing** – Fraudulent attempts to obtain sensitive information (like OTPs, passwords) via fake emails, messages, or websites.
2. **Smishing** – SMS-based phishing where scammers send fake texts asking you to click on malicious links.
3. **Vishing** – Voice-based phishing where fraudsters impersonate officials to trick you into revealing financial data.
4. **Malware** – Malicious software like viruses or ransomware that can steal or lock your data.

2. Ponzi Schemes

Ponzi Schemes

Beware of Fraudulent Investment Traps

A Ponzi scheme is a type of investment fraud that promises high returns with little or no risk, but in reality, pays returns to earlier investors using money from new investors, rather than from profit earned. These schemes collapse when there are not enough new investors to pay existing ones, leaving most investors with the heavy losses.

Ponzi schemes often lure people with catchy offers such as:

- "Double your money in 3 months"
- "Get guaranteed 30% monthly returns"
- "Join now and earn passive income without effort"



They frequently use tactics such as multi-level marketing, social media ads or influencer endorsements. These are not registered with SEBI or any regulator and operate without legal approval.

What Should You Do?

- Always check the credentials of the company before investing
- Never invest based on word-of-mouth or social media hype
- Report any suspected fraud/schemes to SEBI or local police/ cybercrime authorities

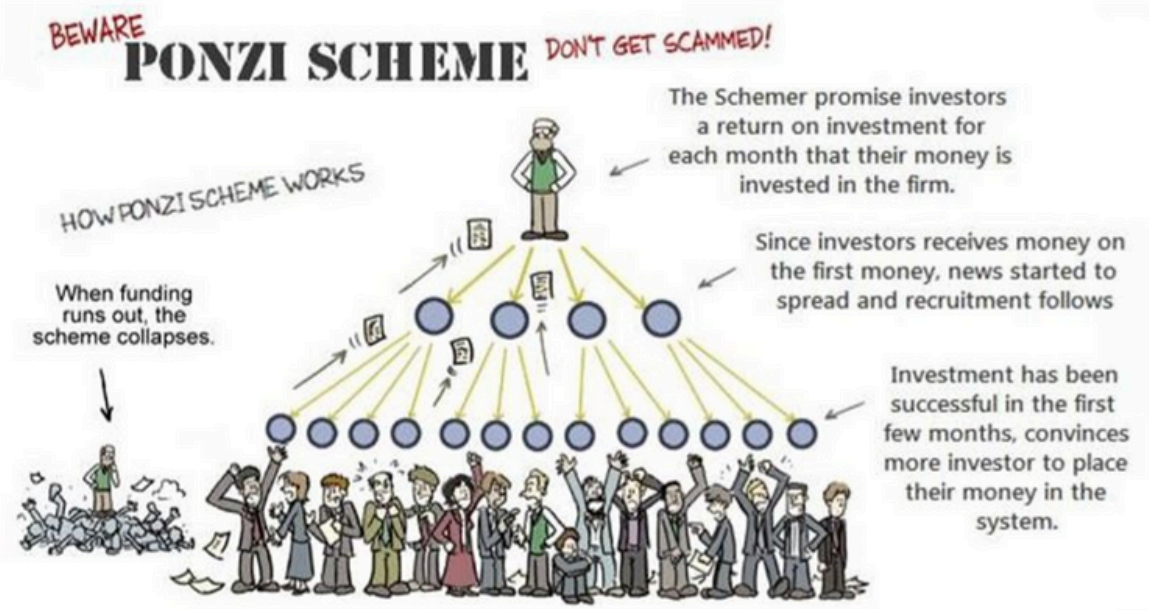
How to Identify a Ponzi Scheme ?

- Unrealistic returns: “High returns with limited risk”
- Referral-based commission (you earn more by recruiting)
- Vague business models or fake product names
- Pressure to invest quickly (“limited time offer”)



Ponzi Pyramid :

How money flows from new investors to old, eventually collapsing at the base?



Investor Safety Tips:

- Verify registration of intermediaries on SEBI
- Never fall for guaranteed return schemes. SEBI does not approve or assure returns.
- Don’t share personal financial data, OTPs or passwords with unknown callers or websites.
- Report suspicious schemes to SEBI, SCORES, ODR or Cybercrime authorities





Online Ponzi Scheme Busted

What Happened?

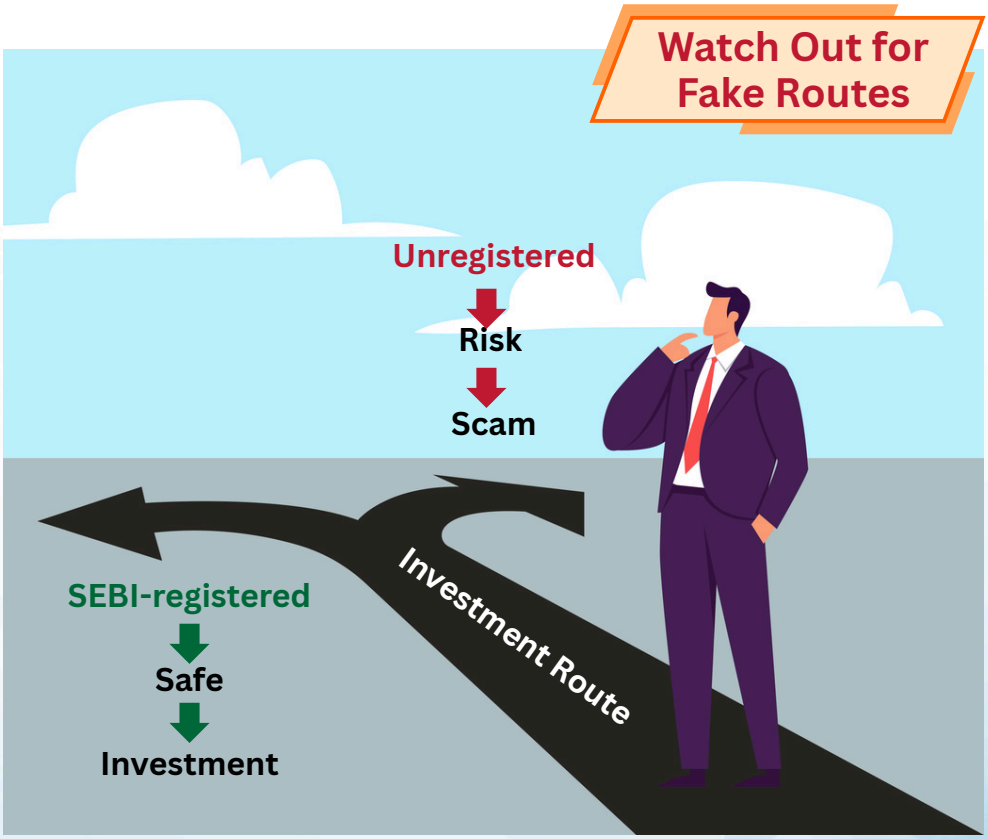
A person ran a fake online investment platform. Promising a staggering 28% return per month, he attracted investors via social media videos. Initially, small profits were paid to earn trust—but then the payouts stopped. The police registered complaints after at least ₹19 lakh was lost and over 150 investors impacted.

How the Scam Worked ?

- High-return promise lured people in
- Early investors saw some gains (paid from new investor money)
- The scam unravelled when returns stopped and complaints poured in

Safety Lessons

- Offers of extremely high monthly returns are too good to be true
- Real investments comes with the risk—never lure for guaranteed returns
- Ponzi schemes collapses when new investors stop investing
- Always research and report suspicious platforms





Module E

Investor Protection through SCORES and ODR

In today's financial world, it is not just important to invest wisely—it is equally essential to know where to approach if something goes wrong. The Securities and Exchange Board of India (SEBI) has introduced two powerful tools to protect investors:

SEBI Complaints Redress System (SCORES)

Online Dispute Resolution (ODR)

SCORES: The Investor's Helpdesk

- SCORES stands for SEBI Complaints Redress System.
- SCORES is an online platform designed to facilitate complainants to lodge their complaints pertaining to securities market against listed companies, SEBI registered intermediaries and Market Infrastructure Institutions.
- SCORES is only a facilitative platform for investors to get redressal of their grievances from the concerned entity

How to file a complaint?

Visit the portal or use SCORES Mobile App.

Complaint must be filed within 1 years of the incident.

Register with basic personal details and select complaint category.

Submit a detailed complaint with documents

A Unique Complaint registration number is generated for easy tracking.

SCORES Does Not Handle:

- **Commercial or contractual disputes outside SEBI's purview**
- **Complaints not pertaining to investments in security market**
- **Complaints related to unlisted companies**
- **Anonymous tips**



Investor Protection Tip

"Always check whether the entity is registered with SEBI before investing or availing any service. If you feel cheated, SCORES is your official online shield."



SCORES 2.0 Features

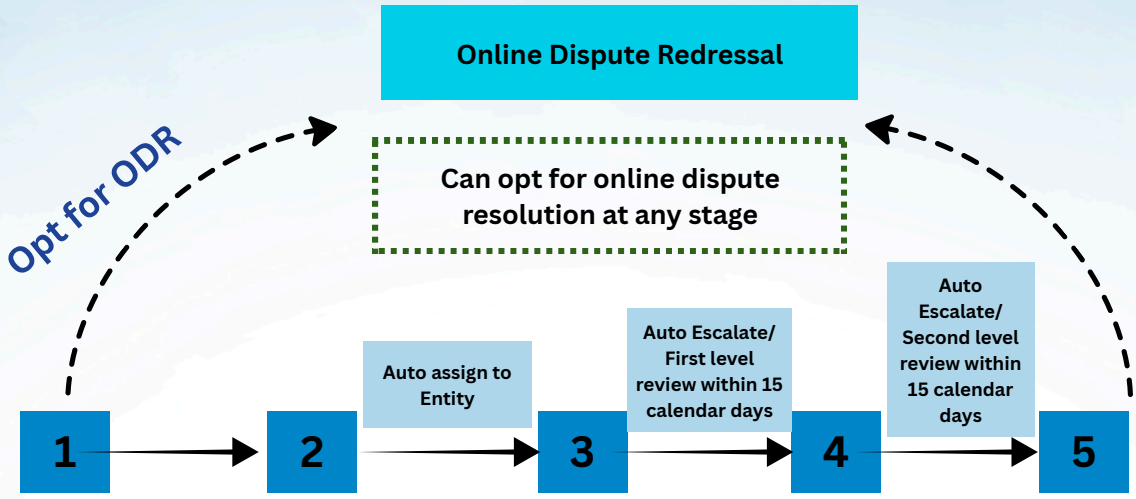
1. Online platform 24x7
2. Instant SMS/email acknowledgment with a unique complaint number.
3. Investors can track the status online and send reminders.
4. All complaints are stored in a central database with audit trails.
5. Helps SEBI take policy decisions and actions based on complaint trends.

Examples of Common Complaints Handled via SCORES

- Non-receipt of dividends or bonus shares.
- Delay in dematerialization of securities.
- Unauthorized trades by brokers.
- High charges or mis-selling by mutual funds.
- Poor advisory services by Investment Advisers.

For more information about SCORES, scan the code

SCORES REDRESSAL PROCESS FLOW









What If You're Still Unsatisfied?

If resolution is unsatisfactory:

- Opt for Online Dispute Resolution (ODR).
- Approach consumer courts and civil courts

ODR – Online Dispute Resolution in Securities Market

- ODR is a SEBI initiative that resolves disputes between investors and market participants (like brokers or listed companies) using digital conciliation and arbitration mechanisms.
- The Online Dispute Resolution (ODR) mechanism is a significant step toward efficient, paperless, and cost-effective dispute resolution in the securities market.

Key Benefits:

- Entire process is digital and time-bound
- Investor-friendly and affordable
- Transparent tracking of case status
- Final awards from arbitration are enforceable in law

Key Points :

1. **Digital Dispute Resolution:**
   - **Investors and market participants (e.g., brokers, mutual funds, R&T agents) can resolve disputes entirely online, without visiting any office or court.**

2. **Three-Stage ODR Process:**
   - **Till the Pre conciliation there is no fees**
   - **Online Conciliation (free): Neutral mediator helps resolve the dispute**
   - **Online Arbitration: If unresolved, a neutral arbitrator gives a binding decision.**

For more information visit:

https://smartodr.in



Recent Updates

- **ODR platform now supports multi-lingual interfaces for inclusive access.**
- **Real-time status tracking dashboards have been added for both investors and intermediaries.**
- **Time limit to resolve conciliation cases capped at 21 working days and for arbitration within 30 days.**

SAARTHI App

- SAARTHI (Saa₹thi) is SEBI's official mobile application for investor education and awareness.
- Securities and Exchange Board of India (SEBI), as part of its mandate to protect the interests of investors in the securities market, has provided a comprehensive suite of tools and resources to enhance investor awareness and education.
- This app includes financial health check tool, spot a scam, modules explaining KYC procedures, mutual funds, ETFs, buying and selling shares on stock exchanges, the investor grievances redressal mechanism, and the Online Dispute Resolution (ODR) platform. The app also features videos to assist investors in personal finance planning.

For Android Users

For iOS Users

Key Features :

- **Free App (Available in English language)**
- **Educational content on: Securities markets basics, Mutual funds and ETFs, Rights of investors, Trading and settlement process**
- **24+ Financial Calculators (SIP, EMI, Inflation, Goal planning, Bond yield, etc.)**
- **Tools for identifying frauds and reporting scams**
- **Latest updates and circulars from SEBI**

For more information and to access these resources, scan the code

(SEBI Investor website)

SEBI Investor Awareness Test

The SEBI Investor Awareness Test—also known as the SEBI Investor Certification Examination—is a free online initiative by SEBI in collaboration with NISM (National Institute of Securities Markets). Its goal is to boost financial literacy and help individuals understand the basics of savings, investments, and the Indian securities market



Registration Process

You can register through the official NISM portal: sice.nism.ac.in

Key Highlights

1. Free of cost
2. Available in English and Hindi
3. No negative marking
4. Certificate issued upon passing
5. No age or education restrictions

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National Institute of Securities Market

Securities and Exchange Board of India

Want to File a Complaint or Connect?

Use the SCORES platform https://scores.sebi.gov.in/
or call the SEBI Toll-Free Investor Helpline:
1800 266 7575 or 1800 22 7575 (available on all working days)

Created and designed by: NISM National Institute of Securities Markets
A Capacity Building Initiative of SEBI

SEBI भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India