

THE SECURITIES MARKET- LEVEL 1

UNDERSTANDING THEM FROM AN INVESTOR'S PERSPECTIVE



Understanding Money

Meet Raj.

Raj is a young professional with many dreams.

He just started working and wants to learn how to manage his finances.

Raj's father always said, "Money doesn't grow on trees", and through this, Raj learns the importance of earning and saving money.

What does money mean to you?

Money is a medium of exchange.

Why is money important?

- Essential for meeting basic needs
- Helps to achieve your aspirations such as owning a house, buying car, vacations, higher education, comfortable retirement etc.



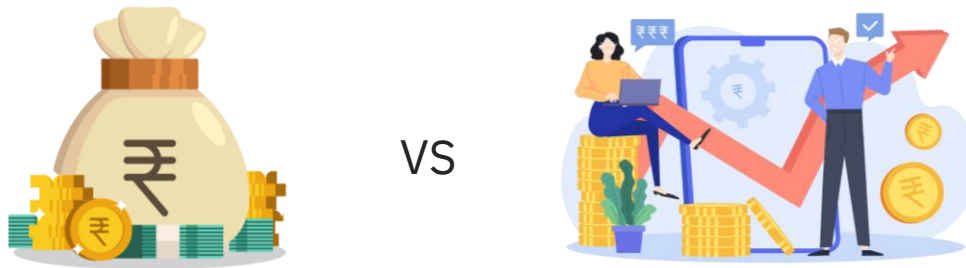
Income, Saving & Investing

- Income: Earnings from work or investments.
- Saving: Portion of income set aside in a bank account to meet future expenses.
- Investing: Putting money into assets for potential growth to meet financial goals.

But, if Saving and Investing both mean putting money aside for future consumption, what's the difference?

	SAVINGS	INVESTING
PROS	HELPS MEET SHORT-TERM EXPENSES LIKE BUYING GROCERIES	CAN EARN HIGHER RETURNS THAN SAVINGS
	GOALS SUCH AS PURCHASING A NEW PHONE	CAN HELP ACHIEVE LONG-TERM FINANCIAL GOALS
	GOING ON A VACATION	SEVERAL OPTIONS TO DIVERSIFY HELP REDUCE RISK
		CAN GENERATE INFLATION-BEATING RETURNS
CONS	MUCH LOWER YIELDS COMPARED TO OTHER OPTIONS	SUBJECT TO A RISK OF LOSS, ESPECIALLY IN THE SHORT RUN
	DOES NOT HELP TO BEAT INFLATION	

Illustration: Savings Vs. Investment



- What if you saved and invested ₹500 every month?
- What could it grow into in 5, 10 and 20 years?

Tenure	Savings at 2.5%	Investments at 12%
5 Years	₹ 31,987	₹ 41,243.18
10 Years	₹ 68,228	₹ 1,16,169.54
15 Years	₹ 1,09,289	₹ 4,99,573.96

Can You Earn Money While Sleeping?

YES!

Priya (27) worked a 9-to-5 job and earned a monthly salary. But she also earned money while she slept, through her rental property and investments. She is now 47, has retired early and travels the world, while she continues to earn from her investments and rental income.

Income can be earned

- Actively through Direct work (e.g., salaries) (Active Income)
- Passively through Investments, rentals, dividends, etc. (Passive Income)

Income builds financial stability and independence.



Why Is Passive Income Important?

- Essential for securing your financial future
- Provides a steady stream of revenue

Having Multiple Income Stream is Important For:

- Financial Security
- Increased Financial Freedom to pursue your passions, or even retire early
- Reduced Financial Stress
- Supports your Retirement Lifestyle
- Passive income is more than just a financial strategy; it is a path to greater financial freedom.



Did You Know? Money Loses Value Over Time...

Raj's grandparents bought a house for Rs. 50,000 in the 1970s. It costs Rs. 5.5 crores to buy the same house today!

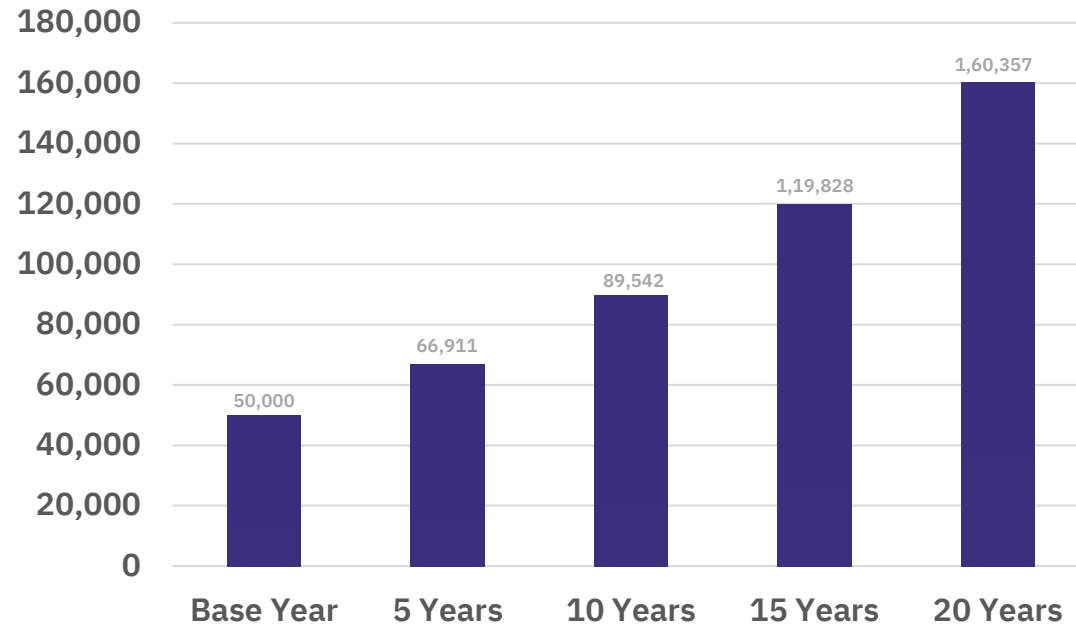
Cost of 1 liter of milk was Rs. 3 in 1980 and is Rs.60 today

Inflation is the general rise in prices over time, eroding purchasing power.

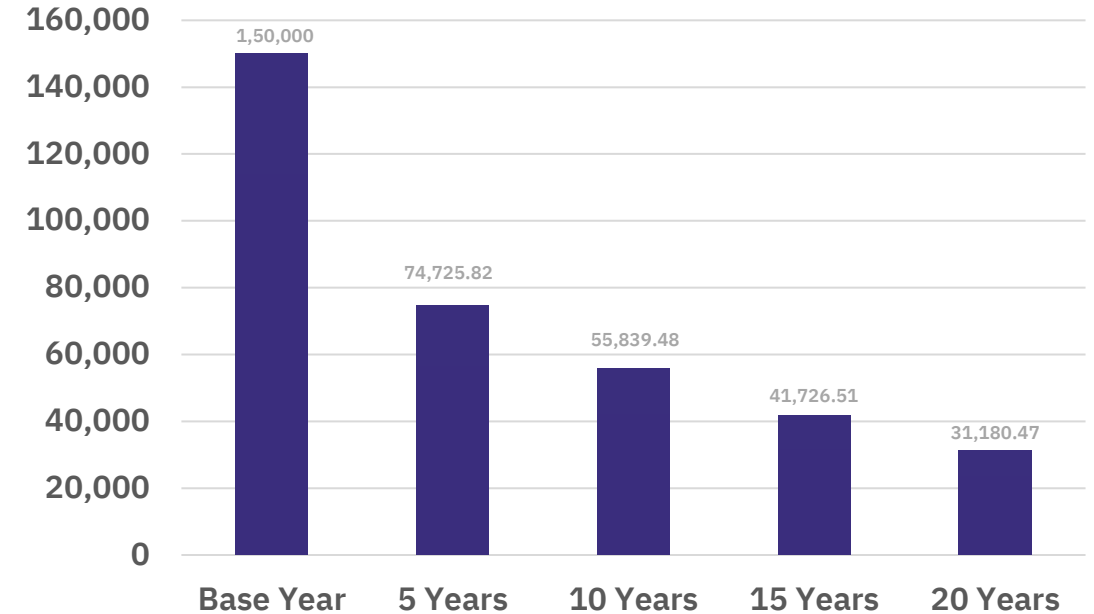
It can also affect our savings. If inflation is 7%, but your savings account only pays you an interest of 3%, is your money growing to meet the prices of things you buy?



Cost of Living (₹)



Value of Money (₹)



Cost of living increases year on year due to inflation. Money value reduces due to the same impact

Inflation assumed @ 6% p.a.

A Comparison Of Some Investment Products

Product	Liquidity	Risk	Returns	Entry/Storage Costs
Bank Fixed Deposit	High (Premature withdrawal allowed)	Low	Moderate (fixed interest rate)	No entry cost, no storage costs
Post Office Deposit	Moderate (Limited premature withdrawal)	Very Low	Low to moderate (fixed rate)	No entry cost, no storage costs
Gold	Moderate (depends on form, digital is higher)	Moderate (market fluctuations)	Moderate (market-linked)	High (for physical storage), low for digital
Real Estate	Low (illiquid, takes time to sell)	High (market and property-specific risks)	Potentially high (location and market dependent)	High entry cost, maintenance/storage costs
Equities	High (can be sold quickly in markets)	High (market volatility)	Potentially high (market-linked)	Low to moderate (brokerage fees)

Index as on 30 November 2024

INDEX (AS ON 30 NOV 2024)

Compound Annualized Returns (%)

No Of Times Your Money Multiplied

	1Y	3Y	5Y	10Y	15Y	20Y	1Y	3Y	5Y	10Y	15Y	20Y
India-Equity (Nifty 50 TRI)	21.3	13.8	16.2	12.2	12.4	14.8	1.2X	1.5X	2.1X	3.2X	5.7X	15.8X
US-Equity (S&P 500 TRI in INR)	35.8	15.9	19.6	16.9	18.8	14.3	1.4X	1.6X	2.5X	4.8X	13.3X	14.4X
Gold(In INR)	32.0	18.2	16.4	11.8	9.9	12.8	1.3X	1.7X	2.1X	3.1X	4.1X	11.1X
Real Estate	6.2	6.6	5.3	4.8	6.7	8.6	1.1X	1.2X	1.3X	1.6X	2.6X	5.2X
Debt*	7.9	6.2	6.4	7.2	7.5	7.5	1.1X	1.2X	1.4X	2.0X	3.0X	4.2X

Indian Equities have given
15% returns over 20 years

Indian Equities multiplied
16 times in 20 years

- Amit invests all his money in equity;
- Rohit invests 60% in equity and 40% in a bank deposit.
- Last year the equity market gave a return of 18%, while a bank deposit gave 9%.
- This year the equity markets have corrected to give only 10%, while the bank deposit continues to return 9%.

How does this market correction impact the two investors?

PORTFOLIO RETURN = WEIGHTED AVERAGE RETURN OF THE INVESTMENTS IN THE PORTFOLIO

The table below shows the return earned by Amit and Rohit:

Years	Amit: 100% Equity	Rohit: 60% Equity + 40% Bank Deposit
1	18%	$(0.6 \times 18\% + 0.4 \times 9\%) = 14.4\%$
2	10%	$(0.6 \times 10\% + 0.4 \times 9\%) = 9.6\%$

“

**COMPOUND
INTEREST IS THE
EIGHTH WONDER OF
THE WORLD.**

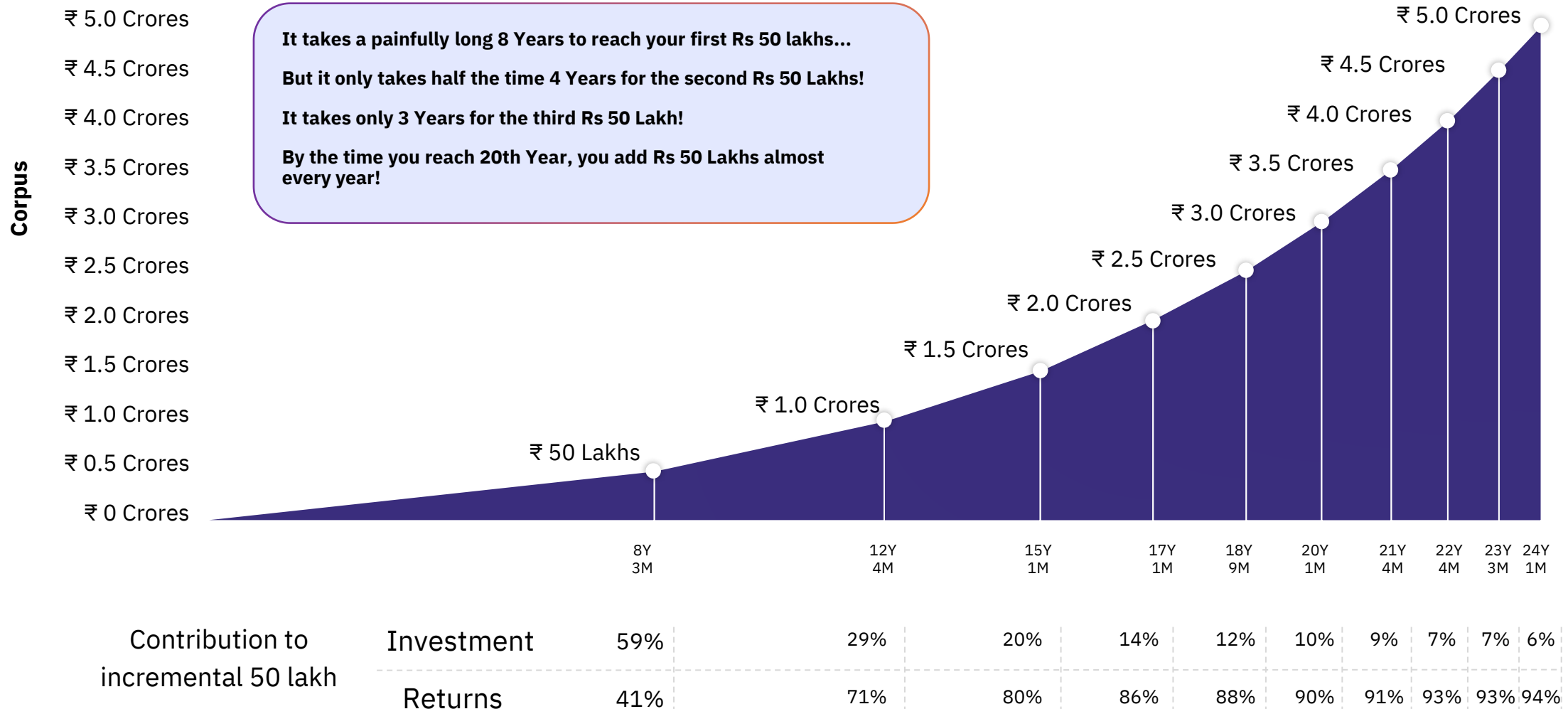
~Albert Einstein

What is compounding?
Earning returns on reinvested
earnings i.e. you earn an interest
on your principal amount and
earn an interest on the interest
accumulated too!

Years	Value
1	₹ 1,12,682.50
3	₹ 1,43,076.88
5	₹ 1,81,669.67
7	₹ 2,30,672.27
10	₹ 3,30,038.69
15	₹ 5,99,580.20
20	₹ 10,89,255.37

The longer you stay invested, the more your money
can grow!

Portfolio Value when investing Rs. 30,000 every month @12% per annum returns



Even a small amount invested early, makes a huge difference over a long time frame

Rs 1 lakh invested (assuming 12% per annum returns)

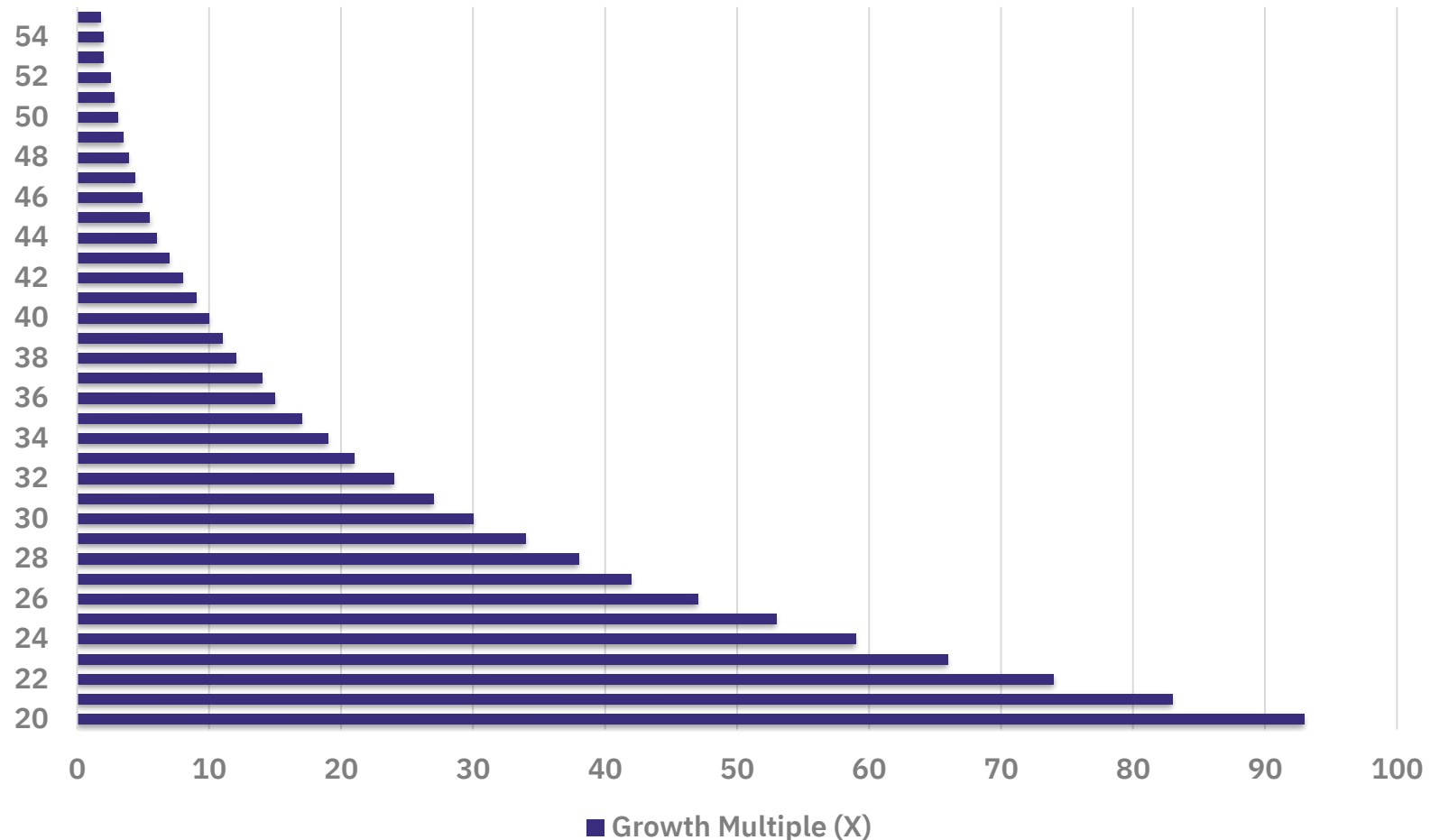
At the age of 20, grows 100 times to Rs 1 Crore when you reach 60 years.

At the age of 30, (10 years delay), grows 30 times to Rs 30 lakhs when you reach 60 years.

At the age of 40, (20 years delay), grows 10 times to Rs 10 lakhs when you reach 60 years.

Number of Times your Original Lumpsum Investment Multiplies when you reach 60 years (@12% annual returns)

Growth Multiple (X)



- The Power Of Systematic Investments
- Encourages disciplined, consistent investing.
- Buy more units during market dips, fewer during rises.
- Reduces risk through long-term investments at different market levels.
- Lowers average cost of investment.

Years	Invested	Value	Difference
1	₹ 60,000.00	₹ 64,046.64	₹ 4,046.64
3	₹ 1,80,000.00	₹ 2,17,538.24	₹ 37,538.24
5	₹ 3,00,000.00	₹ 4,12,431.83	₹ 1,12,431.83
7	₹ 4,20,000.00	₹ 6,59,894.99	₹ 2,39,894.99
10	₹ 6,00,000.00	₹ 11,61,695.38	₹ 5,61,695.38
15	₹ 9,00,000.00	₹ 25,22,880.00	₹ 16,22,880.00
20	₹ 12,00,000.00	₹ 49,95,739.60	₹ 37,95,739.60

01**What is the primary benefit of compounding?**

- A. It guarantees fixed returns.
- B. It allows you to earn interest on both your initial investment and the interest accrued over time.
- C. It eliminates all investment risks.
- D. It provides immediate liquidity.

02**What is the main purpose of diversification in an investment portfolio?**

- A. To maximize short-term gains.
- B. To spread investments across different assets to reduce risk.
- C. To concentrate investments in a single high-performing sector.
- D. To avoid paying taxes on capital gains.

03**What does the risk-reward relationship in investing imply?**

- A. Higher risk typically leads to higher potential returns.
- B. Lower risk always guarantees higher returns.
- C. Risk and reward are unrelated in investing.
- D. Lower risk leads to higher potential returns.

Falling for “double returns” can double your loss. Follow only SEBI-registered advisors and pay via SEBI-verified UPI ID.

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**Beware of "Double
Return" Scams!**

#SEBIvsSCAM

Fake apps may look real, but the risk is real too. Check SEBI's verified app list and download only those.

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Beware of fake trading apps!

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Every smiling face isn't real. Beware of deepfake videos — get investment information only from SEBI-authorized sources.

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**Beware of
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SPOT THE SCAMMERS BEFORE THEY SPOT YOU!

- Here's how you can safeguard your investments by recognizing these everyday tactics.
- *Issued in the interest of investor safety by National Stock Exchange of India Ltd.



Here are 9 COMMON TACTICS SCAMMERS USE – Investors must be aware of

1 FOREIGN PORTFOLIO

Scammers provide fraudulent trading platforms falsely claiming or suggesting affiliation with its registered Foreign Portfolio Investors (FPIs). These platforms mislead individuals by claiming to offer them trading opportunities through FPI or Foreign Institutional Investor (FII) sub-accounts or institutional accounts with special privileges.



2 FAKE TRADING APPS

Scammers create unregulated trading apps that appear legitimate to lure investors into disclosing their account information. The apps' 'apk' files are sent to investors to download using various social media and are not listed on official stores. NEVER DOWNLOAD UNKNOWN FILES even if sent by friends or contacts listed on your phone or computer.



3 UNREGISTERED INVESTMENT ADVICE VIA SOCIAL/MESSAGING PLATFORMS

“FOLLOW MY CHANNEL” and “JOIN MY CHAT GROUP” are amongst the biggest red flags to spot! SEBI registered stockbrokers NEVER OFFER TIPS and advice on chat groups. Do not trust any testimonials or credit receipts from other investors claiming to have received expert advice and returns from these chats as they are fabrications designed to lure you.



Here are 9 COMMON TACTICS SCAMMERS USE – Investors must be aware of

4 DEEPFAKE VIDEOS OF INFLUENCERS/PUBLIC FIGURES

The faces of celebrities, public figures, professors, chief analysts, people of repute, the Govt. official emblem, and other well-established organizations are often illegally used to convince investors of their endorsements. NEVER SUBSCRIBE TO UNVERIFIED CLAIMS AND PROFILES. In a world of rapidly developing AI, ACCEPT NOTHING AT FACE VALUE.



5 OPINION TRADING

Opinion trading scams in the securities market mislead users into betting on financial outcomes under the guise of legitimate trading, without involving actual securities. These platforms mimic stock market behavior but operate outside SEBI's regulation, exposing users to high risk and no legal protection.



6 GOOD DIGITAL PRACTICES

Registered stockbrokers NEVER ASK FOR YOUR LOGIN ID & PASSWORD. Providing your account credentials to anyone gives them direct access to your funds. This ultimately leads to your account being flushed and deleted without any chance of recovery. CHANGE YOUR PASSWORDS REGULARLY and NEVER SHARE YOUR CREDENTIALS WITH ANYONE.



**Here are 9 COMMON TACTICS SCAMMERS USE –
Investors must be aware of**

7 PAID TRADING COURSE WITH GUARANTEED RETURNS

Don't fall for stock tips or investment advice provided under the guise of providing free / paid trading courses. "You'll definitely make money"—nobody can promise that. Scammers also use fake success stories and flashy ads to trick people into paying. If someone guarantees profits, it's a big warning sign—stay away! Fake agents may also present themselves as SEBI-registered intermediaries who are making large returns through stock trading. If they offer to trade on your behalf with advertisements that say – 'ASSURED' 'GUARANTEED' '5X' '10X' and sometimes even '100X RETURNS!' - it's a SCAM!

8 PUMP & DUMP SCAM

Don't fall for the hype. It is a fraudulent market practices that may leave investors with significant loss. Scammers buy stocks in large quantity and then artificially inflate its price using fake news and hype. Scammers then sell these stocks which crashes the prices.

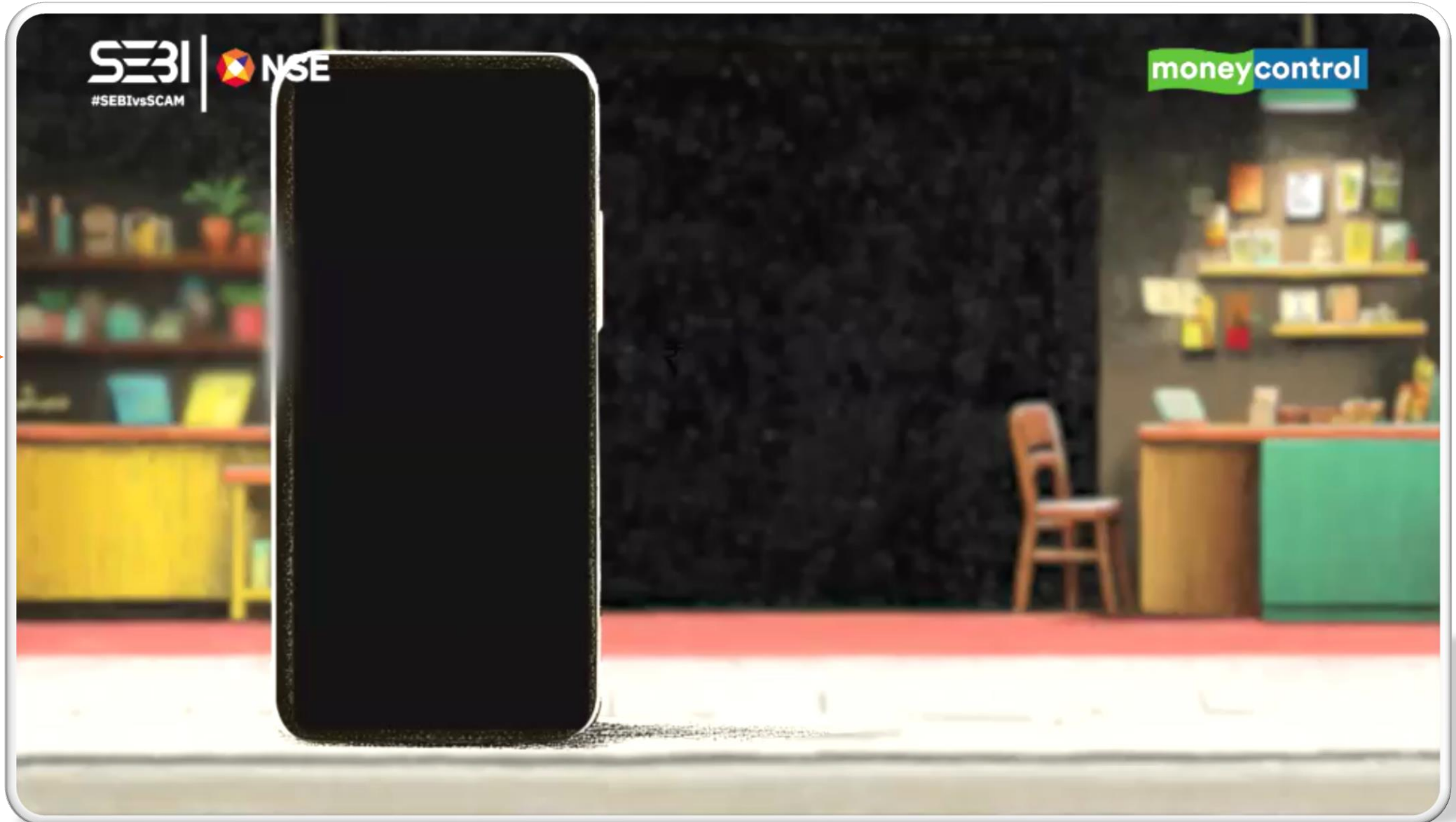
9 DABBA TRADING

Dabba Trading is an illegal trading in which prices of securities on recognized stock exchanges are used as benchmarks and the investor's trades do not get executed on the stock exchange system but in the dabba operator's books only. Trading outside the Stock Exchange through unregistered entities is prohibited by law. No compensation or support is available for such dealings. Always trade with SEBI registered intermediaries.

HOW CAN YOU PROTECT YOURSELF?

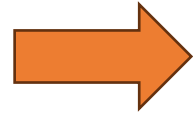
- Do not get lured with guaranteed / fixed returns in the securities market. Guaranteed returns are illegal in the securities market. Do not accept any offer at face value.
- Avoid unsolicited messages from unknown sources. Verify any news from official websites like SEBI, NSE, company website.
- Do not download unregulated trading apps or join chat groups offering advice.
- Deal only with SEBI registered intermediaries. Verify the details of the intermediary on:
<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>
- Download trading apps only of SEBI registered Trading Members from App Store or Google. Verify the details of the apps on:
<https://investor.sebi.gov.in/Investor-support.html>
- Transfer funds only to registered client bank accounts of the stockbroker. Verify the bank accounts on:
https://enit.nseindia.com/MemDirWeb/form/tradingMemberLocator_beta.jsp
- Starting October 1st, 2025, SEBI has introduced Structured UPI mechanism with features like thumbs-up inside a green triangle & SEBI check before making payment to any SEBI registered intermediary. This feature facilitates you to make payments only to SEBI registered intermediaries.(abc.brk@validbank)
- Report any fraudulent activity to www.cybercrime.gov.in or call 1930. For investor support call 1800 266 0050.

One wrong UPI payment can wipe out your savings. SEBI has introduced validated UPI handles & SEBI check functionality for brokers, mutual funds & other intermediaries.



Due Diligence while Trading in F&O

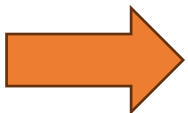
Trading in financial contracts like derivatives requires expertise



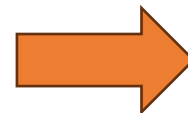
Understand the risks and only then trade in derivatives



Similarly, trade in options only if you have relevant trading experience and high-risk tolerance



Different investment avenues carry varying levels of risk and expertise. Choose your strategy after careful deliberation



In case of any issues / concerns, contact your Stockbroker. If you are not satisfied or do not receive any response, contact the Exchange on ignse@nse.co.in or 1800 266 0050

AML & CFT GUIDELINES IN SECURITIES MARKET

- SEBI mandates intermediaries to follow Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) guidelines.
- Investor Responsibilities & Protections
- Investors must undergo Client Due Diligence (CDD) including identity verification, beneficial ownership disclosure, update personal and financial information regularly with intermediaries.
- Avoid anonymous or fictitious accounts. High-risk clients (e.g., PEPs, NGOs, foreign investors) require enhanced scrutiny/due diligence.
- Investors should be aware of the risks and cooperate with intermediaries during onboarding and transactions.
- Investors must provide accurate and complete KYC documents.
- Transactions are monitored for suspicious activity; STRs (Suspicious Transaction Reports) may be filed without investor notification.
- SEBI ensures confidentiality and protection of investor data under AML/CFT framework.



ONLINE BOND PLATFORMS

- Investors now have easier access to various fixed-income instruments through the online bond platforms.
- Investors must understand the underlying features, risks, and costs associated with such investments.
- YTM is not a guaranteed return—it can fluctuate based on factors such as changes in market interest rates, liquidity conditions, time to maturity, and the creditworthiness of the issuer.
- Coupon rate refers to the fixed annual interest paid by the issuer which provides regular income. Payments are not risk-free and dependent on the financial health and credit reliability of the issuer. Bond prices and yields have an inverse relationship
- Before investing through any online bond platform, investors must take into account several important factors such as checking the bond's credit rating, the issuer's track record in timely repayments, the liquidity of the instrument, settlement timelines, and the tax implications of the investment.
- Investors are urged to exercise caution and avoid transacting on unregistered online bond platforms. Investors should verify the registration status of the OBPPs prior to transacting, and deal only with SEBI-registered entities, in order to safeguard their interests.
- SEBI website: <https://www.sebi.gov.in/online-bond-platform-providers.html>

COMMON INVESTOR SERVICE CENTRES

With an aim to enhance access and facilitate resolution of investor complaints, Common Investor Service Centres have been operationalised across the country. To find a CISC near you, click here:

<https://www.nseindia.com/contact/investor-services-centre>

Common Investor Service Centres

A mission to empower every Indian in their investment journey

37 Common Investor Service Centers Pan India



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Securities and Exchange Board of India

 **National Institute of Securities Markets**
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SEBI- Investor Awareness Test

Available in Hindi and English languages

Exam Objectives:

- To create Investor awareness and education in securities markets
- To scale up securities market related knowledge among the investing public
- To develop right attitude/behavior when investing in the market



FREE
(Study Material and No Exam Fee)



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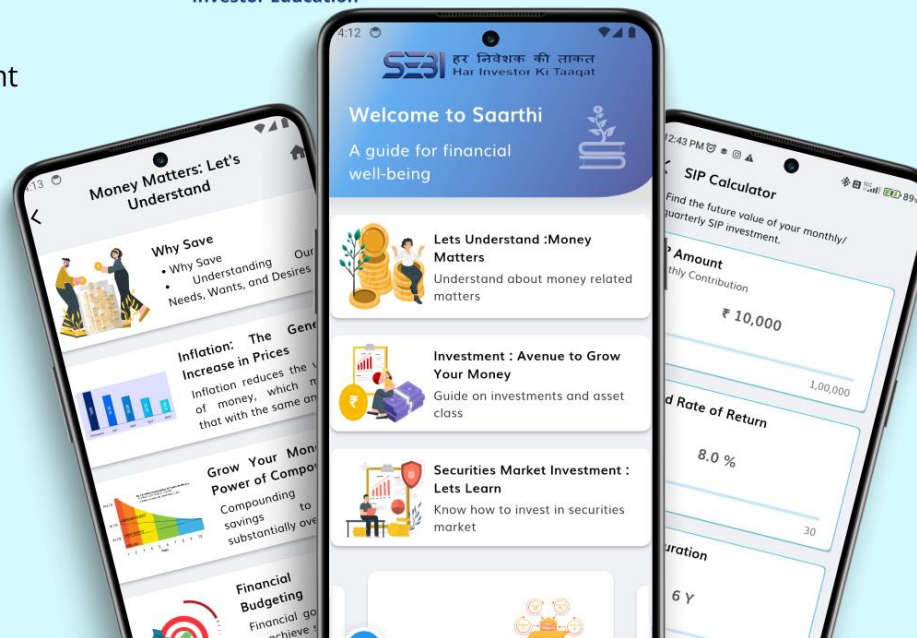
Saaṛēthi App



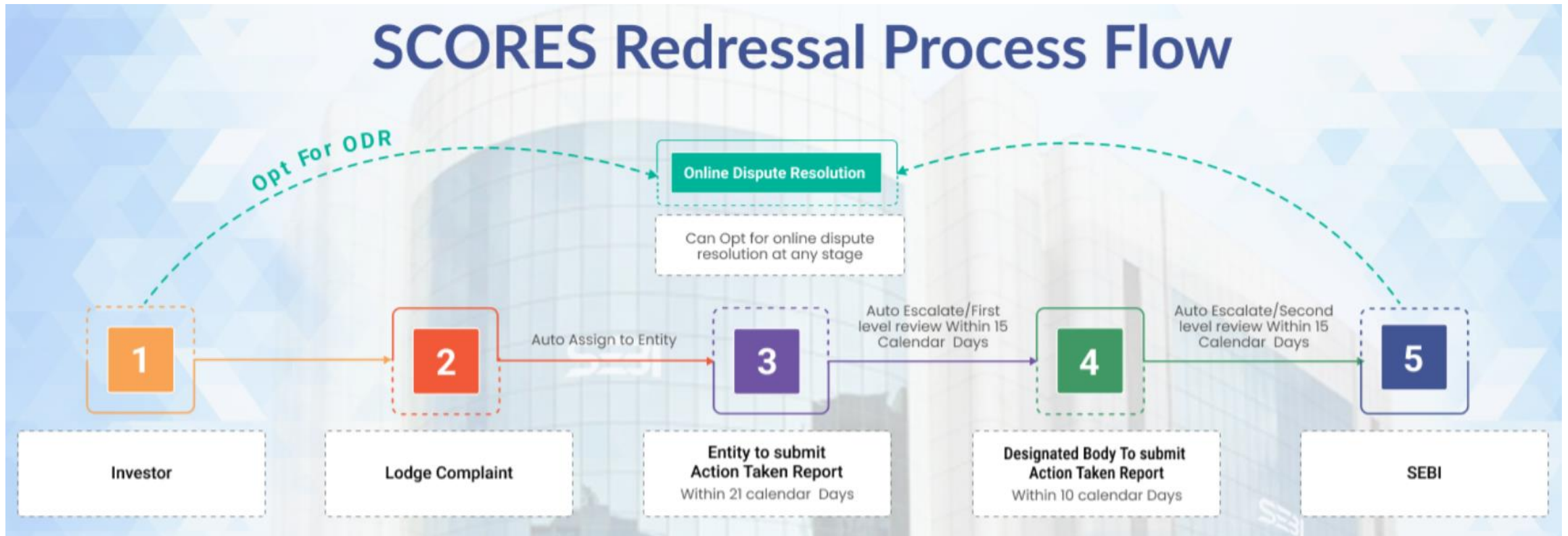
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-  Resources and Educational Videos designed to increase investor awareness.
-  Unbiased, Objective and Trusted Source of Investment Awareness
-  Reliable and essential insights into the securities market.
-  Vital for young investors, who are at the beginning of their financial journey
-  Access a range of Financial Tools and Calculators,
-  Do your Financial Health Check-up,

Empower yourself in the world of investing



SCORES 2.0 - Online Grievance Redressal Facilitation Platform



ODR – ONLINE DISPUTE RESOLUTION

The SMART ODR Portal – Securities Market Approach for Resolution Through ODR Portal, has been established by the 7 Market Infrastructure Institutions together with ODR Institutions to help investors access efficient dispute resolution fully online.

Follow the steps below to resolve a dispute.

- Register on SMART ODR Portal: Click on Create Account to register on the platform.
- FILE A NEW DISPUTE: Click on File a New Dispute to begin.
- Select Intermediary: Select the Intermediary against whom you wish to file a dispute.
- Select Category: Select the relevant Categories for your dispute.
- Enter Dispute Details: Fill details of the dispute and attach relevant files or documents.
- Track Resolution Progress: Once your dispute is filed, track progress easily under the Dispute Timeline.

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Invest kar



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