



Investor World

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Mr. Bhavesh Vora
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Shri. N. L. Bhatia
President Emeritus

Message from President

Mr. Bhavesh Vora

“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler

The time has now come that you revisit investment / investing habits. Change is only constant. What methods, products, strategy of saving and investments were there a decade back may have become redundant and may not yield desired results and is imperative that we do our own study, gain the knowledge (not information) and based on our risk appetite make our investment plan. At IEWA, we regular impart education on such matters as our mission is to “empowerment through education.”

Regulators are leaving no stone unturned to safeguard Investors. Recent notification on “The Banning of Unregulated Deposit Scheme Ordinance, 2019” one more step in that direction. SEBI is also very proactive and bringing regular and necessary changes so as to protect interest of investors from any unauthorised / unregistered / wrongful market practice from unscrupulous market participants. Our sincere request you not to fall prey to such wrongful / unfair calls. SEBI has developed a robust investor grievance mechanism through “SCORES”. the detailed are given somewhere in this bulletin.

At this juncture, we should not forget to pay our homage to our soldiers who lost their lives at pulwama terrorist attack in kashmir.

We once again we wish all the investors safe investing and happy living.

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INVESTOR PROTECTION THROUGH EDUCATION

Views expressed by contributors are their own and the association does not accept any responsibility.

Investing all your money in one source
may not reap you the ideal results.

Diversify your investments.

Diversifying your investments helps you reach your
financial goals faster by protecting you against significant losses
and increasing your chances of getting better returns.



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INVESTOR CORNER

SEBI has issued circular to Stock Exchanges and Depositories regarding and simplification of procedures for transmission of securities, which is as under :-

1. For securities held in single name with a nominee:
 - i. Duly signed transmission request form by the nominee.
 - ii. Original or Copy of death certificate duly attested by a Notary Public or by a Gazetted Officer.
 - iii. Self attested copy of PAN card of the nominee. (Copy of PAN card may be substituted with ID proof in case of residents of Sikkim after collecting address proof)
2. For securities held in single name without a nominee, the following additional documents may be sought:
 - a.) Affidavit from all the legal heirs made on appropriate non judicial stamp paper – to the effect of identification and claim of legal ownership to the securities. Provided that in case the legal heir(s)/claimant(s) is named in the succession certificate or probate of will or will or letter of administration, an affidavit from such legal heir/claimant(s) alone would be sufficient.
 - b) For value of securities upto Rs. 2,00,000 (Rupees Two lakh only) per issuer company as on date of application, one or more of the following documents:
 - i. Succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925.
 - ii. In the absence of the documents as mentioned at (I) above,
 - a. A No objection certificate [NOC] from all legal heir(s) executed by all the legal heirs of the deceased holder not objecting to such transmission (or) copy of Family Settlement Deed duly notarized and
 - b. An Indemnity bond made on appropriate non judicial stamp paper – indemnifying the STA/Issuer Company.
 - c. For value of securities more than Rs. 2,00,000 (Rupees Two lakh only) per issuer company as on the date of application:

Succession certificate or probate of will or will or letter of administration or court decree, as may be applicable in terms of Indian Succession Act, 1925.

CA KAVITA B UPADHYAY ARTICLE

Union Budget 2019 – Key Highlights for Retail Investors



CA Kavita B Upadhyay

Invest in two houses to save tax on Capital Gains

Currently, Section 54 of the Income Tax Act allows taxpayers to save on capital gains from the sale of a residential property by investing in one housing property. Budget 2019 proposes a relaxation of this condition enabling taxpayers to invest in two residential properties, instead of one. The benefit, however, can be availed once in a lifetime, with capping on capital gains of up to Rs 2 crore. This move will give a breathing space to middle-class taxpayers.

Income Tax on Notional Rent Removed for Second Self-occupied House

As of now, one has to pay income tax on notional rent if they have more than one self-occupied residential property. But in India, there are several middle-class families who have to keep two houses due to various reasons like accommodation for parents, children's education, or job requirements. The government, hence, proposed to exempt income tax on notional rent on the second self-occupied house. Furthermore, the government has also decided to levy income tax on notional rent on unsold inventory after two years, which earlier, was one year. This particular proposal is going to help the real estate developers also as there is quite an inventory build-up in some cities.

Benefits Under Section 80-IBA Extended for One More Year for all housing projects approved till end of 2019-2020.

To bring more homes under the ambit of affordable housing, the government plans to extend the benefits available under Section 80-IBA of the Income Tax Act for one more year. This means, all housing projects approved till March 31, 2020, are eligible to enjoy the benefits of Section 80-IBA over and above the gain from income tax exemption on unsold inventories for up to two years. It is expected that there will be an additional supply of affordable housing projects as real estate developers will find it attractive to develop affordable projects.

Investment incentives

- TDS threshold on rental income raised from Rs. 1,80,000 to Rs. 2,40,000.
- TDS threshold on interest income from bank, post office savings raised to Rs. 40,000 from Rs. 10,000
- Individual taxpayers with assessable income upto 5 lakh rupees to get full tax rebate.
- Standard deduction for salaried persons raised from Rs 40,000 to Rs 50,000.
- Gratuity limit increased from Rs. 10 lakh to Rs. 30 lakh.

All the above measures will result in an increase in the disposable income of investors allowing them to invest in Capital Markets Happy Investing.

CREDIT RATING AGENCIES VS RETAIL INVESTORS

Credit rating agencies are one of the vital pillars of the financial markets since they rate the capacity of the company to repay the principal and interest component. Based on their recommendations, the retail investors put their hard earned money on the faith of the rating agencies. In the recent past there have been instances where the Credit rating agencies have given highest rating but the same company rating was reduced to JUNK status in another few days time. This has resulted in to the crashing of the stock price and thus investors are left with huge losses. This raises lots of questions in the minds of the investors as who is responsible for the loss to the investors as their hard earned money goes into vain.



**MBA (GOLD MEDAL),PH.D,
MDP (IIM AHMEDABAD), CWM**

The Foreign Institutional Investors and the mutual funds when they find that the rating of the company has gone down, they dump the shares with fury and thus the stock price crashes in a big way. This creates panic in the market and thus the whole market gets affected. This raises serious sets of questions for the credit rating agencies

Rating Agencies Independence:- The companies which get the credit rating done are paid by the company themselves for the rating work done. This crates subjectivity as the rating agencies commercials are involved in the process. Thus one needs to crate a mechanism where there is an Independent body who pays the credit rating agencies for the rating work. This will bring in more transparency and thus reduce the chances for an error.

Frequency of Rating assessment:-There should be regular and timely update in the rating assessment say it can be quarterly so that the there is no sudden change in the ratings given by the rating agencies. This duration of regular rating assessment should also be informed to the stock exchanges so that there is no delay in display of information.

Public Disclosure of Information:- All the listed companies which get their credit rating should display their rating to the stock exchanges and the investors. Any change in the credit rating should be immediately be informed to the investors so that they can take their buying and selling decision on time. This would result into the saving of their hard earned money and thus the faith in the financial markets will not get diluted.

Accountability should be fixed:- The regulator should fix the accountability about the sudden change in the credit rating by the credit rating agencies. They should be made to pay the losses to the investors whose hard earned money has gone by the sudden drop in the prices of the shares due to downgrade of the rating. This will make the credit rating agencies more accountable and responsible for their decision.

Conclusion:- The credit rating agencies should be made accountable for the rating done by them and the sudden upgrade or downgrade which they recommend. In case for the losses of the investors which happens due to their ratings, they need to be penalized for the same so that the hard earned money of the retail investors gets protected and thus their faith in the system remains intact.

POWER OF COMPOUNDING

Compounding is a wonder tool that lets you make the most small investments made over a long periods of time to accumulate phenomenal wealth. It works best if you start investing early and leave the money alone. Compounding is in fact the single most important reason for you to start investing right now. Every day you are invested is a day that your money is working for you, helping to ensure a financially secure and stable future.

Illustration :-

Mr. A & Mr. B is friends and both want to invest Rs. 1, 00,000/- @10% pa. But Mr. A will get compounding interest rate of 10% and Mr. B will get simple interest rate of 10% on their investment.

Year	Compounding @10%	Simple Interest @ 10%
1	1,10,000	1,10,000
2	1,21,000	1,20,000
3	1,33,100	1,30,000
4	1,46,410	1,40,000
5	1,61,051	1,50,000
20	6,72,750	3,00,000
25	10,83,471	3,50,000
30	17,44,940	4,00,000

Particulars	Liquid Funds	Savings Bank Account
Dividend / Interest Payout	Every day	After 6 months
Taxability of Dividend / Interest	Fully exempt	Taxable
Method	Compounding (Daily)	Minimum average balance
Dividend/Interest Rate	5 % to 9%	4%
Guarantee of Principal Amount	Backed by assets (fully covered)	Backed by Govt. up to
Rs.1,00,000/-		

SCORES

<https://scores.gov.in/scores>

There will be occasions when you have a complaint against a listed company/ intermediary registered with SEBI. In the event of such complaint you should first approach the concerned company/ intermediary against whom you have a complaint. However, you may not be satisfied with their response. Therefore, you should know whom you should turn to, to get your complaint redressed.

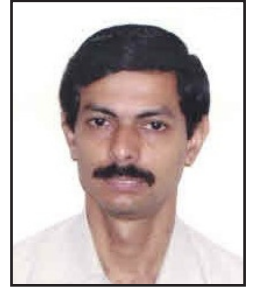
SEBI takes up complaints related to issue and transfer of securities and non-payment of dividend with listed companies. In addition, SEBI also takes up complaints against the various intermediaries registered with it and related issues.

SCORES facilitates you to lodge your complaint online with SEBI and subsequently view its status. One need to Create Login/user ID to lodge the complaints. You can track the status of the complaint on said portal.

MONETARY RELIEF PROVIDED TO INVESTORS BY IPF

Monetary Relief Provided to Investors by IPF of the Stock Exchanges during course of pendency of the proceedings:

It was observed that proceedings at IGRC/Arbitration/Appeal stage between Investors against their Brokers take time to conclude. In view of the same, SEBI in consultation with Stock Exchanges has decided to provide monetary relief to the investors, during the course of pendency of proceedings through Investor Protection Fund of the Stock Exchanges. This monetary relief is provided as follows:



In case, award is in favour of client and the member opts for arbitration wherein the **claim value admissible to the client is not more than Rs. 20 lakhs**, the following Monetary Relief would be provided by the Stock Exchange: **Mr. Yogesh Bambardekar**

- a) In case the IGRC award is in favour of the client then **50%** of the admissible claim value or **Rs. 2.00 lakhs**, whichever is less, shall be released to the client from IPF of the Stock Exchange.
- b) In case the arbitration award is in favour of the client and the member opts for appellate arbitration then 50% of the amount mentioned in the arbitration award or Rs.3.00 lakhs, whichever is less, shall be released to the client from IPF of the Stock Exchanges. The amount released shall exclude the amount already released to the client at clause (a) above.
- c) In case the appellate arbitration award is in favour of the client and the member opts for making an application under Section 34 of the Arbitration and Conciliation Act, 1996 to set aside the appellate arbitration award, then 75% of the amount determined in the appellate arbitration award or Rs. 5.00 lakhs, whichever is less, shall be released to the client from IPF of the Stock Exchanges. The amount released shall exclude the amount already released to the client at clause (a) and (b) above.
- d) Total amount released to the client through the facility of interim relief from IPF in terms of this Circular shall not exceed Rs. 10.00 lakhs in a financial year.

Compensation to the Clients of the Defaulter Members of the Stock Exchanges:

BSE Investor Protection Fund provides compensation of maximum up to Rs. 15 Lakhs per client in case of Default by his BSE Broker.

Once a member is declared defaulter, the claims of his clients are scrutinized by the Exchange and placed before the Defaulters' Committee of the Exchange for approval. The Committee's advice w.r.t. eligible claims is sent to the IPF Trustees for consideration for disbursement from IPF.

Effect of Pledging of Promoters Shares on Retail Investors:

In India, promoters are the majority shareholder group that manages the day-to-day affairs of a company. When they need money, very often, promoters of listed companies pledge all or some of their shares with lenders which includes Banks and NBFCs. These shares are offered as collateral to banks/NBFCs while taking loans. This is one of the many sources of borrowing money, especially in a volatile market with tight liquidity conditions.

If the Promoter in a company has pledged a sizeable chunk of his equity, it could trigger a volatile price movement in a falling market. Shares of companies with high pledging of promoter holding tend to witness volatility. The Reserve Bank of India, in its latest Financial Stability report, flagged a concern over pledged shares. "Pledging of shares by promoters could pose as a concern in both, falling or rising market scenarios, when large scale pledging of promoter equity could pose concerns for retail investors' wealth," the RBI report said. As a result, investors need to look at pledging of shares by promoters before buying stocks.

Higher the pledging, greater could be the risk of volatility in the company's share price. This is because, as share prices fall, the overall value of the pledged collateral falls. This would put pressure on the promoter to produce more assets as collateral. Sometimes, the lender may also be forced to sell some of the shares to ensure that the loan does not turn into a bad loan. If the promoter is unable to meet obligations of borrowing, the ownership of shares is transferred to the lender, who may then sell it to recover loans.

Currently, promoters of more than 80% of the listed companies in India had pledged all or some of their shares with lenders.



જયેશ ચિતલિયા
પત્રકાર

મ્યુચ્યુઅલફંડની સ્કીમની કેટેગરી રોકાણકારોને નિર્ણય લેવામાં સહાય કરશે મ્યુચ્યુઅલફંડની યોજનાના નામ બદલાઈ રહ્યા છે, પોર્ટફોલિયો બદલાઈ રહ્યા છે, રિસ્ક રિટર્નના સમીકરણો બદલાશે, એકંદરે પોરદર્શકતા વધશે, પરંતુ રોકાણકારોની મુંઝવણ દુર થશે ?

મ્યુચ્યુઅલફંડસની યોજનાઓ તરફ વધુને વધુ રોકાણકારોને વાળવા નિયમ સંસ્થા સેબી સતત એક પછી એક પગલાંભરી રહ્યું છે, જેને પરિણામે નવી નવી સ્કીમ આવતી રહે છે અને વધુને વધુ નવા રોકાણકારો પણ મ્યુચ્યુઅલફંડનો માર્ગ પસંદ કરીને આ ઉદ્યોગમાં સહભાઈ બની રહ્યા છે, જે અર્થ તંત્ર તેમજ બજાર અને ઇન્વેસ્ટમેન્ટ જગત માટે બહુજ સારી નિશાની ગણાય.

આ હકીકતને ધ્યાનમાં રાખી સેબી એ મ્યુચ્યુઅલફંડની સ્કીમ્સની કેટેગરીના વિભાજનનો અમલ શરૂ કરાવ્યો છે. દરેક મ્યુચ્યુઅલફંડ તેમની સ્કીમ કઈ કેટેગરીમાં આવે છે તેની જાહેરાત પણ કરવા લાગ્યા છે.

ખર્ચ બોજ ઘટશે

આ ઉપરાંત સેબી એ રોકાણકારોનો બોજ ઘટે એ માટે મ્યુચ્યુઅલફંડનો ખર્ચ પણ ઘટાડ્યો છે.

સેબી એ મ્યુચ્યુઅલફંડસને તેમની સ્કીમ્સના રેશનલાઈઝેશન અને કેટેગરીઝેશન માટે છ મહિના પહેલાં સુચના આપી હતી, જે હવે અમલમાં આવી ગઈ છે. રોકાણકારો માત્ર સ્કીમના નામથી ફન્ડ યુઝ ન થાય તો ગેરમાર્ગ ન દોરવાય એ હેતુથી કેટેગરીનો આઈડિયા અમલાં મુકાયો છે. જેમાં સ્કીમ કે ફંડ લાર્જ કે પછે, સ્મોલ કે પછે કે મિડ કે પછે અથવા મલ્ટી કે પછે વગેરે જેવી બાબત સ્કીમ સાથે સ્પષ્ટ થઈ જાય. અર્થાત સ્કીમમાં કેટલું જોખમ છે એ રોકાણકારો જાણી અને સમજી શકે. કેવળ નામ માત્ર થી દોરવાઈ જાય નહીં.

કેટેગરી મુજબ સ્કીમ્સ

સપ્ટેમ્બર ૨૦૧૭ થી માર્ચ ૨૦૧૮ સુધીનો સમય સેબી એ મ્યુચ્યુઅલફંડ ઉદ્યોગને કેટેગરી બનાવવા આપ્યો હતો. જે પછીની સ્થિતિ જોઈએ તો સપ્ટેમ્બર ૨૦૧૭ માં કુલ સ્કીમ્સની સંખ્યા ૧૦૦૭ હતી, જે માર્ચ ૨૦૧૮ માં ૧૦૧૩ થઈ છે. જેમાં કેટેગરી મુજબ જોઈએ તો કોમોડિટીઝમાં ૨૩ સ્કીમ હતી અને હજી પણ ૨૩ સ્કીમ છે. ડેટસ્કીમ ૪૨૭ હતી અને હવે ૪૩૮ છે, ઈક્વિટીમાં ૩૮૮ સ્કીમ હતી અને હાલ ૩૯૨ સ્કીમ છે, હાઈબ્રિડ સ્કીમમાં ૧૫૯ હતી અને હાલપણ ૧૫૯ સ્કીમ છે.

બહુ ઓછી સ્કિમ્સનું મર્જર

ઉપયુક્ત સમય ગાળામાં બેટ કાથી પણ ઓછી સ્કીમ્સ મર્જ થઈ છે. સંખ્યાની દ્રષ્ટિએ ૧૫ સ્કીમનું મર્જર થયું છે. જેમાં પણ મોટા ભાગની ડેટ સ્કીમ્સ છે. ઈક્વિટી કેટેગરીમાં છ સ્કીમ ઘટી છે. જ્યારે કેટેગરીમાં ૧૨ સ્કીમ વધી છે. આજની તારીખમાં ઓપન એન્ડેડ સ્કીમની સંખ્યા મહત્તમ છે.

સેબીના આ આદેશને પગલે મોટે પાયે કોન્સોલિડેશનની જરૂર ઊભી થઈ નથી. આમ તો સેબી એ કેટેગરી માટે વ્યાપક ક્લાસિફિકેશન કર્યું છે, આ ક્લાસિફિકેશનમાં ઈક્વિટી ફંડમાં દસ કેટેગરી, ડેટફંડમાં ૧૬ કેટેગરી, હાઈબ્રિડફંડમાં છ કેટેગરી છે. નવી માર્ગરેખા મુજબ કેટેગરી દીઠ હેઠળ માત્ર એક સ્કીમ રહી શકે છે. વધારાની સ્કીમ્સ માટે મર્જરનો માર્ગ છે અથવા વાઈન્ટીંગ અપનો અથવા તેમાં ફંડામેન્ટલ પરિવર્તન નો માર્ગ રહે છે.

સ્કીમ્સ વધશે અને ઘટશે

સેબીની આ માર્ગ રેખા બાદ નવા ફંડસ નવી સ્કીમ્સ લાવવા આતુર બન્યા છે.

જ્યારે જુના અને મોટા ફંડ હાઉસિસ તેમની સ્કીમ્સ ઘણી હોવાથી તેના મર્જરની પ્રક્રિયામાં લાગી ગયા છે, જેને આ કાર્ય માટે હજી બેથી ત્રણ મહિના લાગી શકે છે. આ પ્રોસેસમાં ફંડસે તેમના વિવિધ સ્કીમ્સના પોર્ટફોલિયોમાં ફેરફાર કરવા પડે એમ છે, જેને લીધે સમય લાગી રહ્યો છે.

અમુક ફંડ ઇન્વેસ્ટરોને આ સાથે એકિઝિટ ઓપ્શન પણ ઓફર કરી રહ્યા છે.

ધારોકે કોઈ ફંડ હાઉસ પાસે ત્રણ મલ્ટીકેપ ફંડ છે તો એ તેના કેટેગરી મુજબ વિભાજન કરી રોકાણકારોને ઓફર કરી શકે કે તેમણે રોકાણ ચાલુ રહેવું છે કે પછી કોઈ સ્કીમમાંથી બહાર નીકળી જવું છે.

રોકાણ નિર્ણયમાં સહાયતા

છેલ્લા છ મહિનામાં ૮૪ ફંડસે સ્કીમના નામ બદલ્યા છે. નામથી પણ રોકાણકારો એક પ્રકારની ઇમેજ બાંધી લે છે.

તેથી સેબીની દ્રષ્ટિએ કેટેગરીની સ્પષ્ટતા એક ચોક્કસ કલેરિટી પુરી પાડે છે. લાર્જકેપ, મિડકેપ અને સ્મોલકેપ, મલ્ટીકેપ ફંડ પણ તેના ગુણો અને સંભાવનાને વ્યક્ત કરે છે. જેના આધારે રોકાણકારો પોતે કઈ સ્કીમમાં કેટલું અને કેવું જોખમ લઈ રહ્યા છે તેનો અંદાજ મેળવી શકે છે, જે સ્કીમના નામમાત્રથી આવતો નથી. અલબત્ત, અગાઉ સ્કીમમાં કેટલું જોખમ રહેલું છે તે માટે સેબી એ સ્કીમ સાથે વિવિધ રંગ પણ દર્શાવવાની ફરજ પાડી હતી. આ રંગ પણ કેટલું અને કેવું જોખમ છે તેનો નિર્દેશ કરે છે. આમ રોકાણકારોને મ્યુચ્યુઅલફંડસ ઓફ ઇન્ડિયા (એમ્ફી) સતત એક યા બીજી પહલ અને પગલાં ભરી રહ્યા છે. આ સાથે રોકાણકારો એ પણ વધુને વધુ જાગ્રત અને સજાગ - શિક્ષિત થવા ની જરૂર છે, જે તેમની સલામતી વધારવામાં અને સંપત્તિ સર્જનમાં સહાય રૂપ થઈ શકે. આ સંદર્ભમાં પોતાને ન સમજાય તો યોગ્ય અને વિશ્વસનીય નિષ્ણાંતોની સલાહ લઈને આગળ વધી શકાય.

12 RULES TO INVEST WISELY

(AND REAP BENEFITS IN ANY MARKET CONDITION)

- Rule 1: Invest regularly
- Rule 2: Start investing early in life (and get the power of compounding to work for your investment)
- Rule 3: Never try and time your investments basis tips, market trends or economic outlook
- Rule 4: Inflation and Taxes will eat into your returns. Therefore know your actual returns in hand
- Rule 5: Diversify your investments across asset classes, to spread your risk
- Rule 6: Balance and re-balance your investments as you age
- Rule 7: Expect reasonable returns from your investments and sell, once you have got the returns you seek
- Rule 8: Get over your mistakes and losses. Learn from them
- Rule 9: Never invest or sell in haste (and regret later)
- Rule 10: Avoid investing in complicated products you don't fully understand or products that offer unrealistic returns
- Rule 11: Spend time on your investments (it's your hard earned money) or get a good financial advisor to do it for you
- Rule 12: Keep it simple, invest in Mutual Funds

Disclaimer : - The illustration are merely indicative in nature which should not be construed as investment advice and neither ensure you profits nor protect you from making a loss in declining market. Views expressed by Contributors.

INVESTOR PROTECTION THROUGH EDUCATION

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