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Financial Education Handbook  
for  
**Micro, Small and Medium  
Enterprises (MSMEs)**



# MSME

Micro, Small and Medium Enterprises (MSME) are an important driver of growth for the Indian economy, providing employment and contributing significantly to national income (around one third of national income). The significance of MSME sector in generating large job opportunities is of paramount importance. Hence, MSME are known as Growth Engines of Indian Economy. Many MSME face a number of challenges, including regulatory hurdles, tax burdens, difficulties in accessing finance and a lack of general guidance or support. Financial education can be an important tool for helping MSME and potential entrepreneurs to obtain access to finance and strengthen money management skills.

The National Strategy for Financial Education (2020-2025) prepared by NCFE envisions development of target groups and specific content for the effective dissemination of Financial Literacy. MSME being one of such target groups need financial education to make sound financial decisions.

At international level, the OECD International Network on Financial Education (OECD/INFE) has a dedicated working group to address the demand side needs of MSME and potential entrepreneurs and evolved the Core Competencies Framework on Financial Literacy for MSME. This Financial Education Handbook for Micro, Small and Medium Enterprises has been developed broadly in line with above document by adopting it in the Indian Context. This material will provide a range of financial literacy outcomes that may be important to sustain or improve the financial literacy of owners and managers of MSME and future potential entrepreneurs in their experience of starting, running or growing a business. Financial Education Programmes through the contents of this Handbook may lead to Financial Knowledge, Skills, requisite Behavior that may help them to improve the management of their business finances, as well as the Attitudes that will support these processes.

## About NCFE (National Centre for Financial Education)

National Centre for Financial Education (NCFE) is a Section 8 (Not for Profit) Company promoted by Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA).



**Vision:** “A financially aware and empowered India”

**Mission:** To undertake massive Financial Education campaign to help people manage money more effectively, to achieve financial well-being by accessing appropriate financial products and services through regulated entities with fair and transparent machinery for consumer protection and grievance redressal.

### Indian Financial Sector Regulators:

**RBI:** The Reserve Bank of India (RBI) is India's central bank, which manages the monetary policy of India and regulates banking and non-banking financial sector in India.

Website: <https://www.rbi.org.in>

**SEBI:** Securities and Exchange Board of India (SEBI) is the regulator of securities market in India and is tasked with protecting the interests of investors in securities, promoting the development of, and regulating the securities market.

Website: <https://www.sebi.gov.in>

**IRDAI:** The Insurance Regulatory and Development Authority of India (IRDAI) is the regulatory body tasked with regulating, promoting and ensure orderly growth of the insurance business and re-insurance business in India.

Website: <https://www.irdai.gov.in>

**PFRDA:** The Pension Fund Regulatory and Development Authority (PFRDA) is the regulatory body tasked with promoting the old age income security by establishing, developing and regulating pension sector.

Website: <https://www.pfrda.org.in>

**Disclaimer:** This Booklet is presented as a reading and teaching material with a sincere purpose of making the reader financially literate. It is not intended to unduly influence the reader in making a decision in relation to any particular financial product or service. Readers are advised to consult their investment adviser before making any investment.

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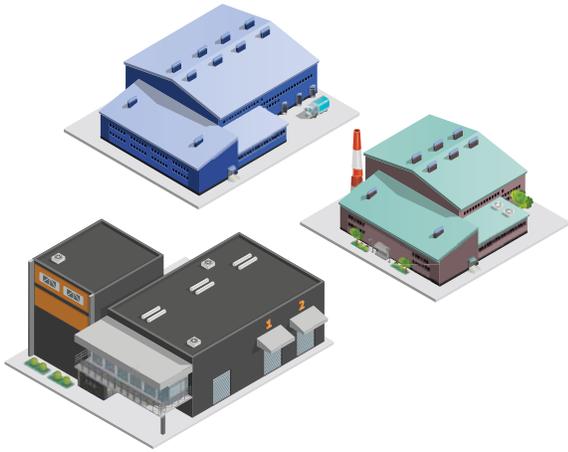
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# 1 BASIC FINANCIAL LITERACY CONCEPTS



Micro, Small and Medium Enterprises (MSMEs) are the backbone of Indian economy. In India there are many small-scale industries/enterprises that manufacture goods or provide services with the help of smaller machines and a few workers and employees. The significance of MSME sector in generating large job opportunities is of paramount importance. Hence, MSMEs are known as Growth Engines of Indian Economy.

If you are owner/manager of MSME or planning to start business (potential entrepreneur), you need to be well versed with various personal finance topics (budgeting, saving, investment, risk mitigation, retirement planning, etc.) as well as financial literacy concepts for the business/enterprise. This would help you in making sound financial decisions.



Let us understand personal and business - financial literacy concepts

## A) Personal Financial Literacy

### Income, Expenses and Budgeting



Are you sometimes short of cash at the end of the month?  
Don't seem to be able to save for the things you really want?

You can learn to balance your income with your expenses and even have some money left over for savings and extras. Let us show you how to manage your incoming and outgoing finances.

### Income

Most of us have a source of income through our job, business, farming, pension, etc. Many may also be receiving interest income from their investments.

Whatever be the sources of income, you need to know how to keep track of it and manage it to cover your expenses and save for future.

## Expenses

It costs money to live. You need to pay for food, clothing, housing, transportation, communication, and a dozen other necessary expenses. Then there are things like vacations, entertainment, gifts for relatives and so on. If you want to reach your goals, there are two things you must do with your expenses:

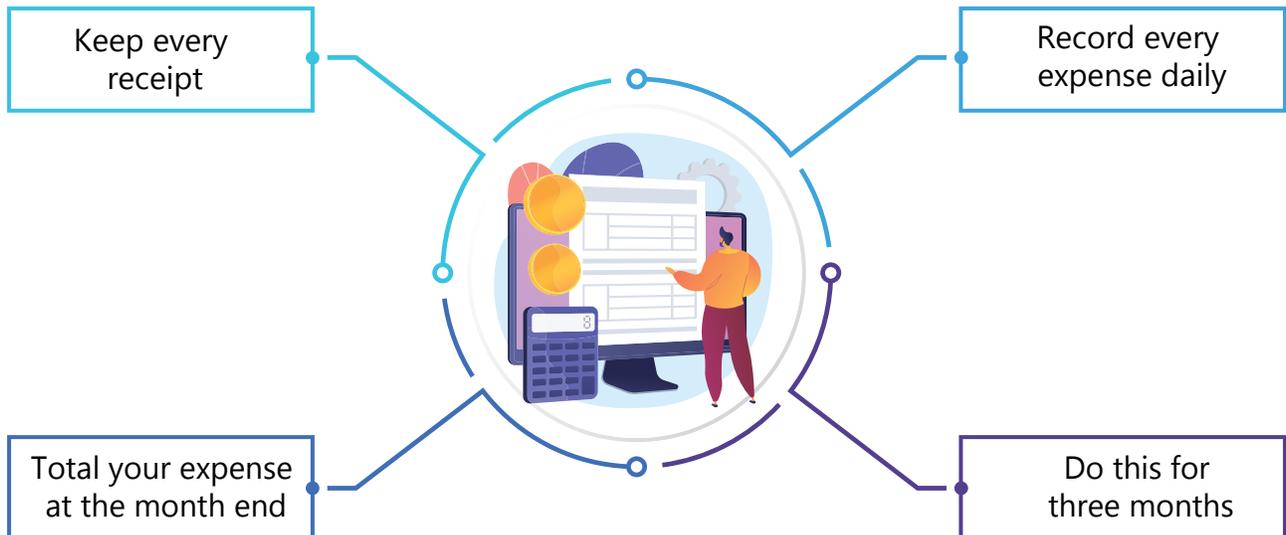


Know what your expenses are?



Reduce unnecessary spending

The first step in controlling your spending is to get in the habit of tracking your daily expenses so that you know how much you spend and what are the details of your expenses.



You will be surprised to know how much you spent and what you spent it on.

## Budgeting

Now that you know your income and expenses, you need to put them together and that is called a budget. There's nothing difficult about a budget. It is simply a comparison of income and expenses.

Is the difference between your total income and total expenses a positive or a negative figure?



If it is positive, you have a surplus. Congratulations! With the extra money you must pay off any debt or loan if you have. Otherwise you can increase your monthly savings amount or invest for future.



If it is negative, you have a deficit. You need to increase your income to balance your budget. Reduce your expenses by focusing on what are your needs rather than wants.

Budgeting isn't a one-time thing. To make it work, you need to do it regularly. At first, do this weekly and once you are comfortable you can do it monthly.

## Saving

Saving is a key step to make sure your future is financially secure. Start early to give your savings as much time as possible to grow. It will help you to meet your financial goals and provide for your future.

### What is Saving?

It would be a good approach to view Saving as follows:

Saving = Income – Expenditure



Expenditure = Income – Saving

### What is power of Compounding?

With simple interest, you earn interest only on the principal (i.e., the amount you initially invested); while with compounding, you earn interest on the principal as well as, previously earned interest.

A sum of Rs.100/- invested for 10 years, at 10% rate of interest, amounts to Rs. 200/- with simple interest, and Rs. 260/- (approx.) with compound interest, at maturity.

#### Rule of 72:

Rule of 72 is a quick, useful formula that is popularly used to estimate the number of years required to double the invested money at a given annual rate of return

Years to double =  $72 / \text{Interest rate}$

An amount of Rs.1000/-, invested at 9 % rate of interest, will double in  $72/9 = 8$  years

### How to Save?

Now that you've decided you want to save, how do you go about it? Keep these tips in mind:



Make a plan for your saving and spending. Reduce unnecessary expenses and put your savings into a separate account. Spend for things you need, but wisely.

It's usually best to clear up any high-interest debts before starting your savings, because they usually cost more than you can earn with a savings plan. Pay these debts first and then regularly put the money into a savings account.

Pay yourself first. Set aside money from your income before you spend on anything else. Use what's left after saving to spend on things. Also, if your income goes up, put some of the increase (most of it, if you can) into your savings. It will be easier to do this before you get used to spending the extra money.

Make a regular contribution towards your savings. To make it easy, set up an automatic monthly transfer to your savings account.

Make use of tax benefit schemes to maximize your savings. Schemes like, EPF, PPF, NSC, ELSS, SSY, NPS etc are a good way to reduce the taxes you pay on your savings.

## B) Business Financial Literacy

Now let's understand various business financial literacy concepts and terms, which will be helpful in making sound financial decisions.

**Gross profit/loss:** Gross profit/loss is the difference between revenue and the cost of making a product or providing a service, before deducting overheads, payroll, taxes, and interest payments.

$$\text{Gross Profit/Loss} = \text{Net Sales} - \text{Cost Of Goods Sold}$$

**Net profit/loss:** Net profit/loss is a measure of the fundamental profitability/loss of the venture.

$$\text{Net profit / loss} = \text{Net Sales} - \text{Cost of Goods Sold} - \text{Operating \& other business Expenses} - \text{Taxes} - \text{Interest on debts} + \text{Other income}$$

**Income statements:** The income statements show the revenue, expenses, and profits for a specific time period.

**Balance sheet:** Balance sheet reflects the assets, liabilities, and owner's equity at a point in time. In other words, it shows, on a specific day, what the company owns (assets), what it owes (liabilities), and how much its net worth (owner's equity) is.

**Receivables:** Payments that are to be received from the customers on a future date as per the agreement.

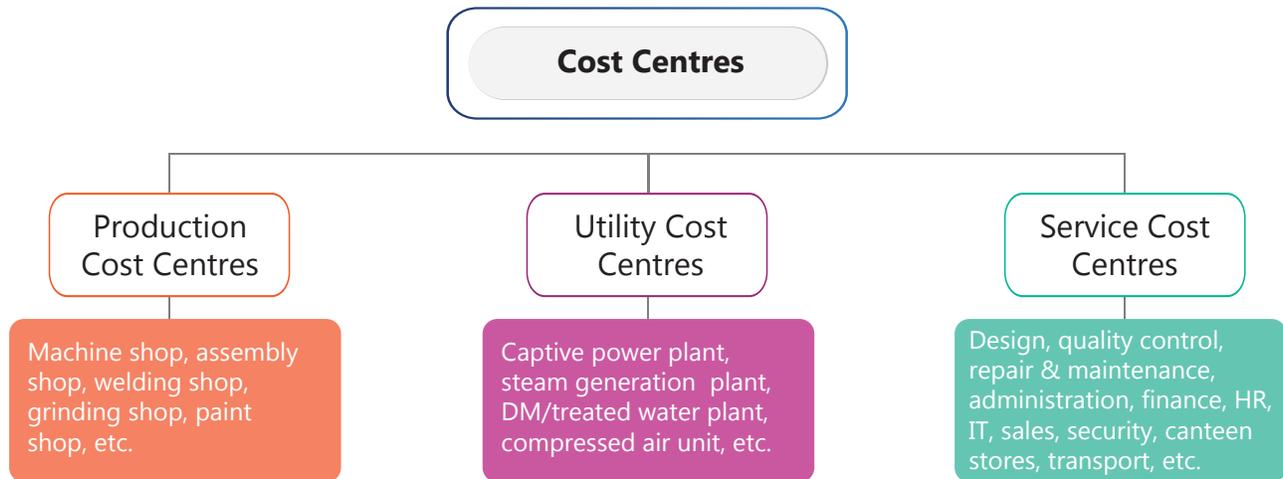
**Payables:** The payables are the money owed to others for products or services, the company has purchased on credit.

**Term loan:** A term loan is a long-term loan generally taken to buy fixed assets and which is repaid in installments over a period of time.

**Working Capital loan:** A working capital loan helps a business/ MSME to fund its day-to-day or short-term operations. For example- loan for procuring raw materials and inventory.

**Cost Centres:** Any unit of an entity (here MSME enterprise) selected with a view to accumulating all costs under that unit is known as cost centre. Cost is incurred in a cost centre. The unit can be division, department, section, group of plant and machinery, group of employees or combination of several units.

For effective costing system, MSMEs may constitute any of the following cost centres to meet with their requirements:



MSMEs can take help of Cost & Management Accountants to formulate effective business strategies and continuity plans to ensure profitability and sustainability.

### Small Industries Development Bank of India

Small Industries Development Bank of India (SIDBI) set up on 2<sup>nd</sup> April 1990 under an Act of Indian Parliament, acts as the Principal Financial Institution for Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector as well as for co-ordination of functions of institutions engaged in similar activities. SIDBI has been setup with a mission to facilitate and strengthen credit flow to MSMEs and address both financial and developmental gaps in the MSME eco-system. SIDBI's Vision 2.0 focusses on transforming itself as an All India Financial Institution to create an integrated credit and development support role for the Bank by being a thought Leader, adopting a Credit-plus approach, creating a Multiplier effect and serving as an Aggregator, in the MSME space.

### Government announced inclusion of Retail and Wholesale trade as MSMEs

From 2<sup>nd</sup> July 2021, Retail and Wholesale trades have been included in MSMEs for limited purpose of availing the benefits of priority sector lending scheme under RBI guidelines. Also they will be allowed to register on Udyam Registration Portal.

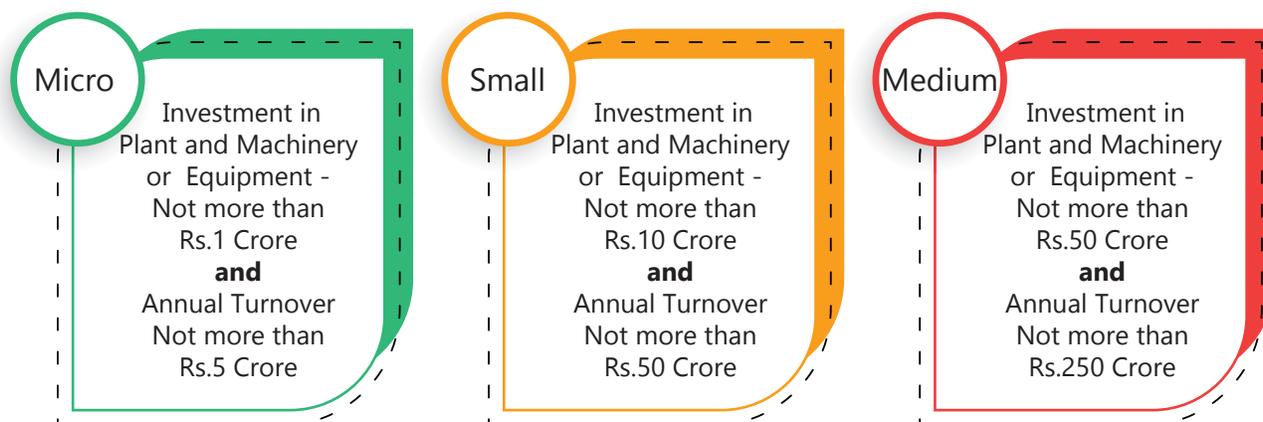
In this module, we will discuss about the registration as MSME, access to credit and application of business financial literacy for the financing of an enterprise. If you are owner/manager of an enterprise (MSME) or planning to start business (potential entrepreneur), then the most important aspect you may have to deal is 'registering and financing of the business'. You may face several questions such as:

-  How much money will be needed to start the business/enterprise and become operational?
-  How to evaluate the actual cost of setting up a business/enterprise and making concrete plans to meet those costs?
-  Are there any benefits of registering the enterprise as MSME and how to do it?

Let's understand the functioning of MSMEs, the process of their registration and the financing:

### What comes under MSMEs?

As per the revised classifications w.e.f. 1<sup>st</sup> July 2020, Micro, Small & Medium Enterprises (MSMEs) are now defined on the basis of composite criteria of "Investment in Plant & Machinery / equipment and Annual Turnover".



Source: <https://msme.gov.in/know-about-msme>

### Value of Plant and Machinery or Equipment

In terms of RBI Circular dated August 21, 2020, the value of Plant and Machinery or Equipment for all purpose of MSME classification and for all the enterprises shall mean the Written Down Value (WDV) as at the end of the Financial Year and not cost of acquisition or original price, which was applicable in the context of the earlier MSME classification criteria.

### Registration of MSME

MSME registration process is fully online, paperless and based on self-declaration. Registration process is totally free. No costs or fees are to be paid in this regard.

The registration can be done by entering the Aadhaar card number with or without PAN Card at Udyam Registration Portal.

(<https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>)

The Udyam Registration Portal is fully integrated with Income Tax and GSTIN systems. The objective of the portal is to provide a single-page registration, consume less time and simplify process of registering any enterprise under MSME.

A permanent registration number will be given after registration. There will be no need for renewal of registration. Union Ministry of Micro, Small and Medium Enterprises (MSME) has clarified that except for this portal of Government of India,

(<https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>)

and Government's Single Window Facilitation Systems, no other private online or offline system, service, agency or person is authorized or entitled to do MSME Registration or undertake any activity related with that process.

### **Benefits of MSME Registration:**

01

Entire registration process is free of cost. No payments are to be made to anyone anywhere.

It helps to acquire government tenders easily as Udyam Registration Portal is integrated with Government e-Marketplace and various other State Government portals which give easy access to their marketplace and e-tenders.

02

03

Other benefits provided by the government include, scheme related to collateral/guarantee-free loans, Interest subvention scheme, schemes for export promotion and market support, rebates & concessions, reimbursement of ISO certification charges, etc.

The details can be found at this

(<https://udyamimitra.in/page/msme-loans>)

### **MSME: Financing the Business**

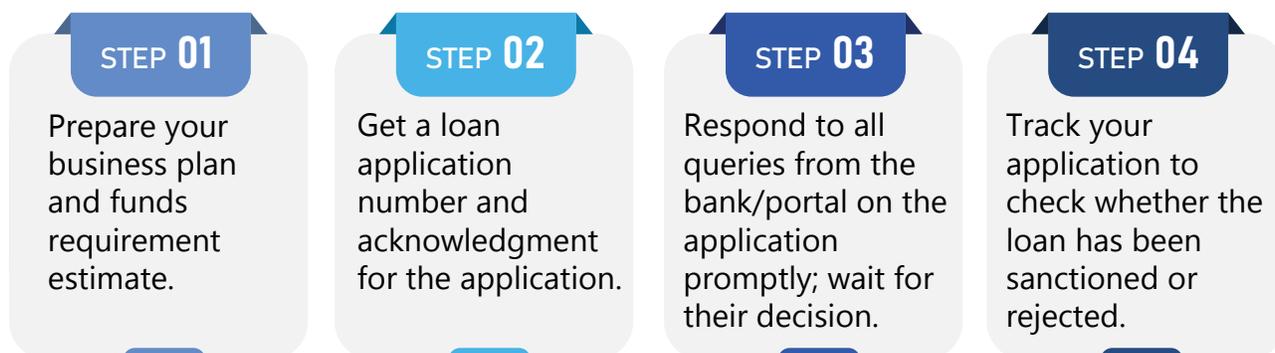
One can avail the credit/ business loans through the online or offline mode. The business loan can be used for setting up new enterprise or stepping up existing business (expansion, diversification, modernization, technology upgradation). These can be for the following:

- Acquisition of land and construction of building spaces, acquisition of factory/ enterprise
- Purchase of plant and machinery including lab and testing equipment, electric fittings, furniture, etc.
- Fulfilling working capital requirements like - raw materials, stock-in-progress, finished goods, etc.

- Trade Finance (Bill discounting) - for paying the creditors, while awaiting payment from debtors.
- Launch of new product range, expansion of business, credit for marketing and advertising purpose, warehousing work.
- Additional monetary assistance for any eligible purpose.

### Loan Application Steps for Entrepreneurs (MSME):

Through Banks/other Financial Institutions



### Online modes of loan application:

One can apply online for loan at <https://udyamimitra.in/>

**Pradhan Mantri MUDRA Yojana** (PMMY) is a scheme launched to provide collateral free loans up to Rs.10 lakhs to the non-corporate, non-farm small/micro enterprises. These loans are classified as MUDRA loans under PMMY. These loans are given by Commercial Banks, RRBs, MFIs and NBFCs.

The borrower can approach any of the lending institutions mentioned above or can apply online through Udyamimitra Portal <https://udyamimitra.in/>.

Under the aegis of PMMY, MUDRA has created three products namely 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary/micro unit / entrepreneur and also provide a reference point for the next phase of graduation / growth. The three products are :-

**Shishu:** covering loans up to Rs.50,000/-

**Kishore:** covering loans above Rs.50,000/- and up to Rs.5 lakh

**Tarun:** covering loans above Rs.5 lakh and up to Rs.10 lakh

### Bank loan for business in 59 Minutes

The Small Industrial Development Bank of India has set up a fintech platform called PSB Loans in 59 minutes. This Platform has set a new benchmark in loan processing by reducing turnaround time for In-principle approval from days to less than 59 minutes. The Platform provides- Business Loan (Term Loan & Working Capital Loan) - In-principle approvals for value from Rs.1 Lakh to Rs. 5 Crore and

Mudra Loan - In-principle approvals are currently provided for value from Rs.10,000 to Rs.10 Lakhs.

Post receiving In-principle approval letter, the loan is expected to be sanctioned/ disbursed in around 7-8 working days. The Platform is being used by all the PSBs and Private Sector Banks & NBFCs. For more information please visit <https://www.psbloansin59minutes.com/home>

### **Do you know that Certified Credit Counsellors (CCCs) help you in loan application process?**

Are you hesitant to apply to banks for MSME loans due to lack of knowledge on preparing business proposals, maintaining financial documents, etc.?

You may approach Certified Credit Counsellors (CCCs) who are registered by SIDBI. A list of such counsellors is available on Udyamimitra Portal at: <https://udyamimitra.in/page/about-ccc>.

These counsellors may assist you with business decisions.

### **Prime Minister Employment Generation Programme (PMEGP)**

PMEGP scheme aims to generate employment opportunities in both rural and urban areas for the MSMEs through setting up of new self-employment projects in the country. This scheme is being managed by Khadi and Village Industries Commission (KVIC) at the national level and being implemented by State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs) and banks at the state and districts level

### **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE scheme)**

CGTMSE or Credit Guarantee Fund Scheme provides financial assistance to micro and small enterprises for availing a loan upto Rs.200 lakh without any collateral or third-party guarantee. The Credit Guarantee scheme (CGS) seeks to reassure the lender that, in the event of a MSE unit, which availed collateral free credit facilities, fails to discharge its liabilities to the lender, the Guarantee Trust would make good the loss incurred by the lender up to 50/75/80/85 per cent of the credit facility. Banks are mandated not to accept collateral security in the case of loans up to Rs.10 lakh extended to the units in the MSE sector.

The details are available on <https://www.cgtmse.in/>

### **What is Trade Receivables Discounting System (TReDS)? and How does it work?**

It is an electronic platform for facilitating the financing / discounting of trade receivables of MSMEs through multiple financiers. These receivables can be due from corporates and other buyers, including Government Departments and Public Sector



Undertakings (PSUs). Only MSMEs can participate as sellers in TReDS. This will ensure timely cash flows and better quality of products and processes. RBI has presently licensed three entities viz. Receivables Exchange of India Limited (RXIL), Mynd Solutions Private Limited and A.TReDS, for operating TReDS.

### **Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**

It gives assistance and support to traditional industry artisans to promote cluster development and to provide them sustainable employment through

**1. Hard Intervention-** setting up physical infrastructure with CFCs, raw material banks, latest machines, and

**2. Soft Intervention-** skill development, market promotion initiatives, etc.

It provides Financial assistance of up to 90% (95% in NER, J&K and Hill Areas) of Hard Intervention cost and entire cost of Soft Intervention. For more details you can visit <https://sfurti.msme.gov.in/SFURTI/Home.aspx>



### **A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE)**

ASPIRE is to set up a network of technology centers and incubation centers to accelerate entrepreneurship and promote innovation to further strengthen the competitiveness of MSME sector.

#### **Key Benefits**

- Set up Livelihood Business Incubators (LBIs) and Technology Business Incubators (TBIs) to skill youths for own enterprises and incubation of innovative ideas.
- Maximum Rs.1 cr. to Government agencies and maximum Rs.50 Lakh to private agencies for procuring plant and machinery.
- Maximum Rs.1 cr. given to new TBIs and maximum Rs.30 Lakh to existing TBIs for procurement of plants and machinery.

For more information on other incentives for MSME sector by Govt. of India you can visit: <https://www.investindia.gov.in/schemes-msmes-india>

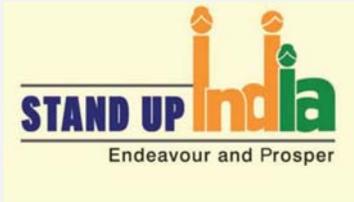
#### **Digital MSME**

The main objective of scheme is to make MSMEs digitally empowered and motivate them to adopt Information and Communication (ICT) tools and applications in their production & business processes with a view to improve their competitiveness in national and international market.

You can get more information about various schemes available for MSMEs through the link <https://www.investindia.gov.in/schemes-msmes-india>.

You can get access to the bouquet of knowledge material including MSME subsidy schemes, info series, project profiles, bankability kit, sectoral studies, etc. on Udyamimitra Portal - <https://udyamimitra.in/page/Knowledge-Center>

## STAND UP INDIA SCHEME



The objective of the Stand Up India scheme is to facilitate bank loans between Rs.10 lakh and Rs. 1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one-woman borrower per bank branch for setting up a greenfield enterprise.

This enterprise may be in manufacturing, services, agri-allied activities or the trading sector. In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or Woman entrepreneur. The SC/ST or Women (from all strata) aspirants willing to kick-start their entrepreneurial journey can apply for loan under the Scheme on Stand Up Mitra Portal <https://standupmitra.in/>

## START UP INDIA



Startup India initiative was launched on 15th August, 2015. The flagship initiative has an objective to build a strong eco-system for nurturing innovation and Startups

in the country that will drive sustainable economic growth and generate large scale employment opportunities. There is no provision under Startup India initiative for sanctioning of funds to startups directly. However, Government of India has established a Fund of Funds for Startups (FFS) with corpus of Rs. 10,000 crores, to meet the funding needs of startups. DPIIT is the monitoring agency and Small Industries Development Bank of India (SIDBI) is the operating agency for FFS. One can apply for the fund requirement by visiting <https://vcfapplication.sidbi.in/>

To know more, please visit <https://www.startupindia.gov.in/>

## MSME SAKSHAM Portal

MSME Saksham is a comprehensive financial education and knowledge platform for MSMEs, developed by SIDBI in association with TransUnion CIBIL. It aims to guide MSMEs across their credit lifecycle, from availing credit to start and grow their businesses, to managing credit lines to sustain and build structural strength of the business, as well as ensuring timely closures and renewals of credit facilities. This unique one-stop knowledge portal will guide MSMEs seeking seamless and quick access to finance while also supporting entrepreneurs towards managing their credit obligations. For more information you can refer to <https://www.msmesaksham.com/>.

## PM SVANidhi

The objective of this scheme is to facilitate working capital loan up to Rs 10,000 to street vendors for sustaining and scaling up their businesses. The scheme will help formalize the street vendors with above objectives and will open up new opportunities to this sector to move up the economic ladder. For more information you can refer to <http://mohua.gov.in/cms/pm-svandhi.php>.

## MSME Pulse

Information is key to decision making and if it is available at the right time, meaningful interventions can be made. A comprehensive document based on close monitoring and tracking of MSME segments providing insights to policy makers, therefore, becomes imperative.

In this regard, MSME Pulse is a Comprehensive Report (developed by TUCIBIL and SIDBI) published quarterly based on close monitoring and tracking of MSME segment. It provides credit industry with trends and insights for making informed business decisions and provides insights to policy makers.

One can access these publications on SIDBI website (<https://www.sidbi.in/en/msme-pulse>) 'or' on Udyamimitra Portal (<https://udyamimitra.in/page/MSME-PULSE>)

## MSE Sentiment Index

CRISIL and SIDBI have launched the CRISIL-SIDBI MSE Sentiment Index, or CriSidEx in 2018. CriSidEx is a composite index based on a diffusion index of 8 parameters, and measures MSE business sentiment on a scale of 0 (extremely negative) to 200 (extremely positive). This index may be used as a crucial tool by policy makers, lenders, trade bodies, economists, rating agencies and the MSEs themselves.

One can access these publications on SIDBI website (<https://www.sidbi.in/en/crisidex>) 'or' on Udyamimitra Portal (<https://udyamimitra.in/page/CRISIDEX>)

### SMILE Scheme

The objective of SIDBI Make In India Soft Loan Fund For Micro Small And Medium Enterprises is to facilitate loans starting from Rs.10 lakh for MSME undertaking modernization, technology upgradation or other projects etc. This scheme mainly focuses on financing smaller enterprises within MSME. For more information on this scheme and similar schemes you can visit: <https://sidbi.in/en/products>

## Banking

Let's understand various types of Bank Deposits in brief:

### Savings Account (Demand Deposit)

Savings accounts are handy for short-term savings. You can deposit money into a savings account at any bank. This will keep your savings safe and pay a nominal interest. You can withdraw your money whenever you need it.

### Recurring Deposits (Time Deposit)

Recurring deposits popularly known as RD's are good if you wish to create a fund by periodically saving for any special occasions such as buying a car. These are suitable for people who do not have large amount of savings but are ready to save a small amount every month. No withdrawals are allowed before maturity.

### Fixed Deposits (Time Deposit)

Commonly known as FD, this is where you can deposit a sum for a fixed period. The depositor is given a fixed deposit receipt; which depositor has to produce at the time of maturity. Withdrawals are not allowed, however, in case of need, the depositor can ask for closing the fixed deposit account by paying a penalty.

### Deposit Insurance

The Deposit Insurance and Credit Guarantee Corporation (DICGC) insures all deposits such as savings, fixed, current, recurring, etc. Each depositor in a bank is insured up to a maximum of Rs.5,00,000 for both principal and interest amount held by the depositor.

### Digital Financial Literacy

Digital payments are those payments in which the payer and the payee both use electronic modes to send and receive money.



## Advantages of Digital Payments

- Fast, Easy and Convenient.
- Economical and less transaction fee.
- Provides a digital record of transactions that customers can track.
- Gives a one stop solution for any type of payments.



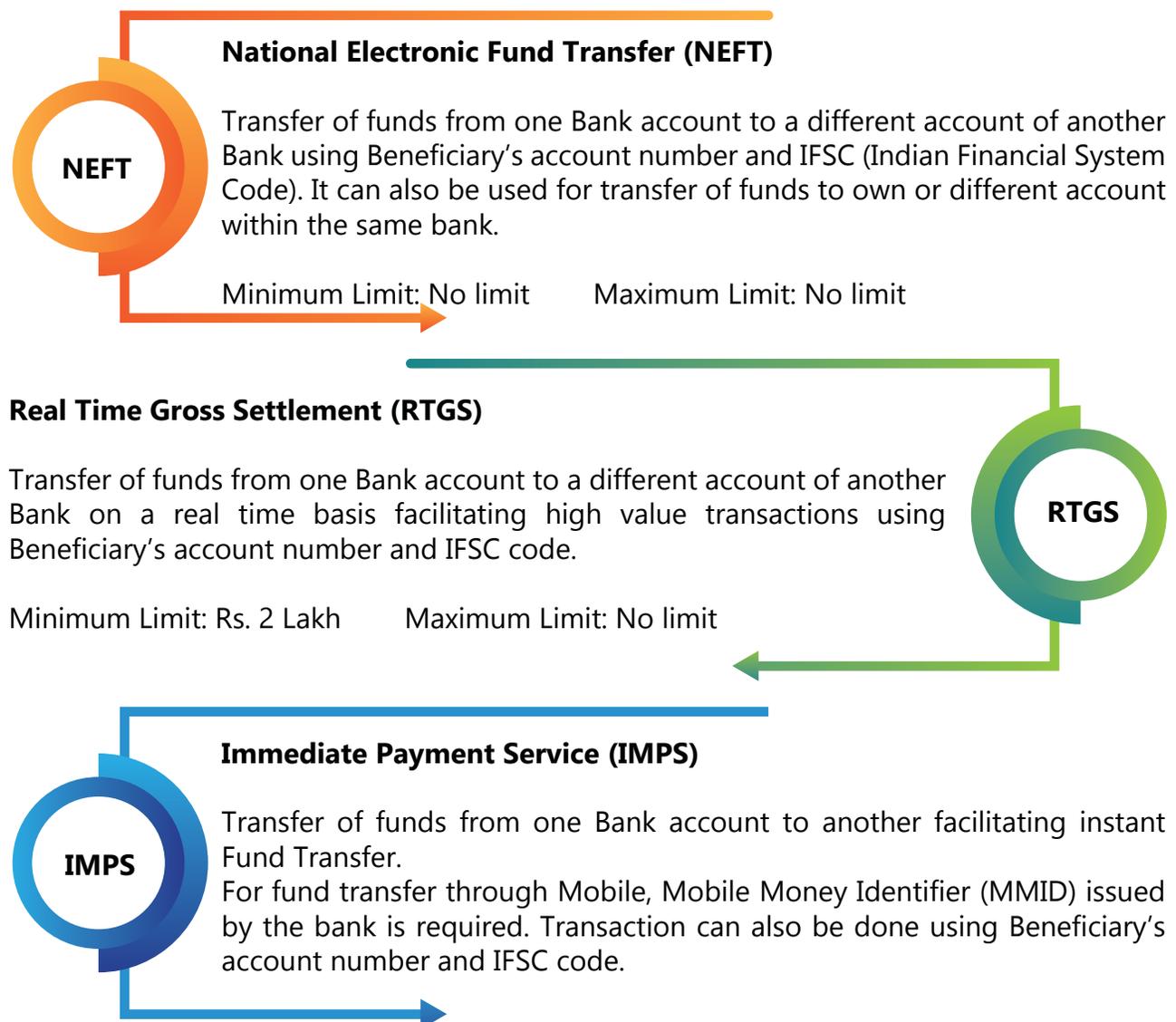
## Digital Payment Methods

As part of promoting cashless transactions and converting India into less-cash society, various modes of digital payments are available.

(Source: <http://www.cashlessindia.gov.in/>)

## Internet Banking

Internet banking, also known as online banking, e-banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website. Type of transactions are:



IMPS, NEFT and RTGS are available 24 x 7

## Digital Payment Methods



### Mobile Banking

Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct different types of financial transactions remotely using a mobile device such as a mobile phone or tablet.



### Mobile Wallet

A mobile wallet is a way to carry cash in digital format. An individual's account is required to be linked to the digital wallet to load money in it. Most banks have their e-wallets and some private companies e.g. Paytm, Freecharge, Mobikwik, Oxigen, Airtel Money, etc. also provide this service.



### Point of Sale

A point of sale (PoS) is the place where sales are made. On a macro level, a PoS may be a mall, a market or a city. On a micro level, retailers consider a PoS to be the area where a customer completes a transaction, such as a checkout counter. It is also known as a point of purchase.



### Micro ATMs

Micro ATM meant to be a device that is used by the Business Correspondents (BC) to deliver basic banking services. The platform enables Business Correspondents (who could be a local retail shop owner and will act as 'micro ATM') to conduct instant transactions.



### Aadhaar Enabled Payment System (AEPS)

AEPS is a bank led model which allows online interoperable financial transaction at PoS (Point of Sale / Micro ATM) through the Business Correspondent (BC)/Bank Mitra of any bank using the Aadhaar authentication.



### Unstructured Supplementary Service Data (USSD)

The innovative payment service \*99# works on Unstructured Supplementary Service Data (USSD) channel. This service allows mobile banking transactions using basic feature mobile phone, there is no need to have mobile internet data facility for using USSD based mobile banking.

### Unified Payments Interface (UPI)

A system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one place.



In this system, transactions can be done through any smart phone using VPA (Virtual Payment Address) facilitating 24 x 7 transfers on a real time basis. One needs to download UPI-enabled bank app and login using bank details.

## UPI Benefits To End User:

- ▶ Privacy- Share only Virtual Payment Address and no other sensitive information
- ▶ Multiple Utility – Cash on delivery/ bill split sharing/ merchant payments/ remittances
- ▶ One click 2 FA – Authorise transaction by entering only the PIN
- ▶ Work across various interfaces – Payment request generated on web interface, Authorised on mobile interface(App). For more information, please visit <https://www.npci.org.in/what-we-do/upi/product-overview>

## BHIM

Bharat Interface for Money (BHIM) is an app that lets you make simple, easy and quick payment transactions using Unified Payments Interface (UPI). You can make instant bank-to-bank payments and Pay and collect money using just Mobile number or Virtual Payment Address (UPI ID).



# 4

## INVESTMENT

Investing can be a rewarding activity which can help you meet your financial goals; however, investing can be complex and often comes with risks. With appropriate knowledge, you can choose the level of complexity and risk that you are comfortable with.

### Key factors

You need to know at least three key factors about every investment- return, risk and liquidity.



**Return** is the profit that an investor makes on an investment. It can come in two different forms: income or capital gain.

**Risk** means uncertainty. You are not sure whether your investments will give high returns or you could also lose your money. Risk and return both go hand in-hand which means that to get higher return on your investments you will be exposed to more risk.



**Liquidity** is the ability to cash in or sell an investment quickly at or near the current market price. It affects the value of an investment. Listed stocks and government bonds are liquid, because you can usually sell them easily.

### Investing goals

Your investment goals depend on which life stage you are in (student, employee, retired, etc.). Your investment goals will be different from those of other people, and the goals will change as you go through your life. Usually, you have a variety of goals at the same time. You may be looking for long-term growth in value and also want a secure and flexible fund for emergencies. Each household will have a variety of objectives and will need a different investment strategy for each one.

One easy way to see how personal factors affect investment choices is to think about your life stage, the phase of your life that you are in.





STAGE  
01

If you are young, you may be willing to take more risks because you are planning for the long term. If the value of your investments goes down, you'll have time to recover and your investments can grow over a long period of time.



STAGE  
02

If you are starting a new family, you want to provide security. You may still be planning for the long term, but you need to keep at least part of your money available to provide for shorter-term savings goals and emergencies, or to make major purchases such as a family home.



STAGE  
03

If your family is becoming more independent, you may have less need for short-term savings, and be able to save more for your retirement. You may be at the peak of your earning years, with cash available for investments, but unwilling to invest your money in anything risky.



STAGE  
04

Once you have retired, you may be relying on your investments to provide a regular, reliable income to add to benefits such as your public or private pensions.

## **Inflation and its effect on Investment**

Inflation refers to rise in price of goods and services. Over time, as cost of goods and services increases, the ability of a unit of money, say one rupee or Rs.100, to buy goods and services keeps declining. In other words, purchasing power of money decreases. It is important to take into account the effects of inflation on your investments during financial planning.

## How does inflation affect my Investment decision?

A Vada Pav costing Rs.5/- five years ago, now costs Rs.10/-. The increase in the price is not as a result of higher quantity or better quality, but due to inflation impacting the prices of the ingredients.



### Time Value of Money:

The change of value of money with respect to time brings the concept of time value of money. Money available at the present time is worth more than the same amount in the future due to its potential capacity.

## Diversification

It is never a good idea to put all your eggs in one basket. If you put your money into a variety of investments and one or two lose money, the others may gain to balance your investments. This is known as diversification. It is a way to reduce risk when you are making investments.



## Investment in Securities Market

Securities can be broadly classified into two types: Equities and Debts. Securities are sold in the securities market

**Primary market:** Company directly issues Securities for the first time e.g. IPO (Initial Public Offer)

**Secondary Market:** Trading of securities in Stock Exchanges e.g. BSE, NSE, etc.

## Know Your Client (KYC)

SEBI has prescribed KYC (Know Your Client) requirements for all security market investors. SEBI has allowed the use of technological innovations which can facilitate online KYC (e-KYC). The use of technology would facilitate the investors to complete the KYC without the requirement of physically visiting the office of the intermediary.

## Equity

Equity is a part of a company, also known as stock or share. When you buy shares of a company, you basically own a part of that company and can expect a share of profit when the company makes profits. For public/listed companies, these shares are traded on stock exchanges which facilitate the buying and selling of stocks, thus providing a marketplace. Investing in equities is riskier and definitely demands more time than other investments.

## Debt Securities

Debt Securities are those instruments such as bond, debenture, promissory note etc. with a fixed amount, a maturity date and usually with a specific rate of interest. These are often

less risky than equities. When a company or government agency decides to take out a loan, it has two options. The first is to get financing from a bank, the second is to issue debt to investors in the capital markets. This is referred to as a debt issue.

## Mutual Funds

A mutual fund pools money from many investors and invests in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The combined holdings the mutual fund owns are known as its portfolio. Each unit represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate.

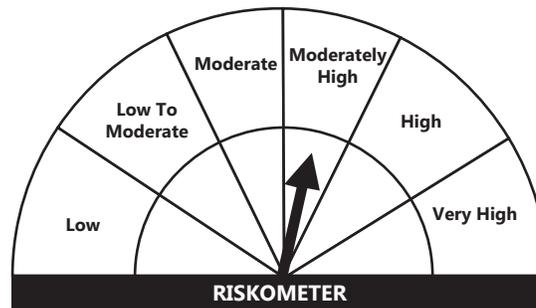
## Product Labelling of Mutual Funds

SEBI has developed guidelines for Product Labelling in Mutual Funds. The risk Level of a mutual fund scheme will be depicted by "Risk-o-meter" as shown below

- a) Low: Principal at low risk
- b) Low to Moderate: Principal at moderately low risk
- c) Moderate: Principal at moderate risk
- d) Moderately High: Principal at moderately high risk
- e) High: Principal at high risk
- f) Very High: Principal at very high risk

Risk-o-meter is evaluated on a monthly basis.

Mutual Funds/ AMCs shall disclose the Risk-o-meter along with portfolio disclosure for all their schemes on their respective websites and on AMFI website within 10 days from close of each month.



For example, the risk depicted in the above risk-o-meter is Moderately High. For more information on Risk-o-meter one can visit, <https://www.sebi.gov.in/>

## Systematic Investment Plan (SIP)

When a fixed amount at a fixed interval of time is invested in a Mutual Fund, it is called SIP, which is now becoming a trending future investment plan.

## Gold ETF

Gold ETF, or Exchange Traded Fund, is a commodity-based Mutual Fund that invests in assets like gold. These exchange-traded funds perform like individual stocks and are traded similarly on the stock exchange.

## **SME platform on stock exchange**

SEBI has introduced SME platform on Stock Exchange. It is intended for small and medium sized companies with high growth potential. The platform shall allow new, early stage and small quality MSME companies to raise much needed growth capital. Alternatively, MSMEs can have access to capital through SEBI registered Venture Capital Funds, Alternate Investment Funds, etc. This will surely increase the alternative funding channels for SME's and increase their production as well as productivity.

For more information on how to get listed on SME platform, please visit the following links

### **For BSE**

<https://www.bsesme.com/static/getlisted/criteriaisting.aspx?expandable=0>

### **For NSE**

<https://www.nseindia.com/companies-listing/raising-capital-public-issues-listing-on-emerge>

For more information regarding Venture Capital funds, please visit <https://vcfapplication.sidbi.in/>

Investment can be done in the following schemes of GoI by MSMEs for enhancing their overall production, quality and productivity. GoI is providing the Financial Assistance to the MSMEs who are complying with the the terms and conditions of these schemes.

## **ISO 9000/ISO 14001 Certification**

The scheme is intended to encourage MSME for complying with ISO-9000/ISO-14001/

HACCP norms and enhancing the production and productivity of such units.

## **Lean Manufacturing Competitiveness**

The scheme is intended for enhancing the manufacturing competitiveness of MSMEs through the application of various Lean Manufacturing (LM) techniques.

## **Technology And Quality Upgradation Support**

The scheme advocates the use of energy efficient technologies (EETs) in manufacturing units so as to reduce the cost of production and adopt clean development mechanism.

## **Enabling Manufacturing Sector To Be Competitive Through Quality Standards And Quality Technology Tools**

The scheme endeavors to sensitize and encourage MSMEs to understand and adopt latest Quality Management Standards (QMS) and Quality Technology Tools (QTT).

For more information on all the above and other such schemes please visit <https://msme.gov.in/all-schemes>

Life is full of uncertainties. We face various risks in our day to day life including risks to our life, health, property, enterprise/business and so on. No one can predict unforeseen events such as accidents, serious illness, loss or damage to property and business/enterprise, etc. The chances of these things happening to you may be very small. But mishaps do happen. It's only when the event occurs, we realize that we should have taken the insurance cover for protection.



Insurance is a means of protection from financial loss and acts as a shield against the risk of a contingent or uncertain loss. Insurance provides , security, and peace of mind and the effective way of proving that you care for your loved ones.

As an owner/manager of a Micro/Small/Medium enterprise or potential entrepreneur, you need to cover **Personal risks** as well as **Business risks** through Insurance.

### A) Personal Risk and Insurance

#### Life Insurance

Life insurance provides a financial payment to your beneficiary upon your death. When you buy a life insurance policy, you name a beneficiary. It is generally recommended to purchase an insurance with coverage worth 7 to 10 times your annual income in order to protect your family.



#### Health Insurance

In the recent times the cost of treatment has increased many folds. A simple visit to a doctor now costs anywhere between Rs. 300 to Rs. 3000, depending on where you live. If your treatment requires you to stay in the hospital for a few days, you will end up with a huge medical bill that can severely drain out your savings. To avoid such financial shocks, we must insure ourselves. Every insurance company offers a health insurance plan that either covers costs of hospitalization or provides a fixed sum insured to the insured member on the diagnosis of named critical illnesses.

It is important for an industry established in the MSME sector to realize the importance of health insurance and therefore as part of welfare measures they should take a health insurance policy covering all the employees working in the unit. MSME units may also take group health policy covering members of families of all employees. Group insurance policies offer effective health insurance coverage at relatively low cost. These welfare measures initiated by MSME units would help in reducing high attrition rate and increase employee productivity.



## Personal Accident Insurance

General and health insurance companies registered with IRDAI also provide coverage against personal accidents. The personal accident (PA) policies cover the risks of death or permanent or temporary total / partial disability due to accident. PA policies may be purchased by an individual directly from the insurance company or through an agent or insurance intermediary. A MSME unit may also take group personal accident covering all employees of MSME unit.



## Vehicle/Motor Insurance

Vehicle Insurance (also known as Motor Insurance/Car Insurance/ Auto Insurance) is an insurance purchased for vehicles plying on the road. Its primary objective is to provide protection to the vehicle owners against the risk of any legal liability and/or accidental damage to the vehicle. The coverage for vehicle insurance is of two types:



- **Motor Third Party (TP) Liability Insurance:**

Third Party Insurance is a statutory requirement and every vehicle plying on the road should mandatorily obtain this insurance. The owner of the vehicle is legally liable for any injury or damage to third party life or property caused by or arising out of the use of the vehicle in a public place. Driving a motor vehicle without insurance in a public place is a punishable offence. The insurance policy covers damage to someone else's property or injury or death of other persons resulting from an accident for which the insured is judged legally liable.

- **Motor Own Damage (OD) Insurance cover:**

It covers the accidental loss or damage to the insured vehicle by specified perils such as fire, theft, riot and strike, earthquake, flood, accident etc. There are policies covering either or both of the above covers. It is important to examine your policy to understand what is covered.

## Other Insurances:

### Home Insurance

Home insurance provides cover for Home Building and Home Contents. IRDAI has introduced 'Bharat Griha Raksha', a new standard product to cover Home against wide range of perils such as Fire, Explosion/Implosion, Lightening, Natural Catastrophes (Storm, Cyclone, Typhoon, Tempest, Hurricane, Tornado, Tsunami, Flood, Inundation, Earthquake, Subsidence, Landslide, Rockslide), Forest, Jungle and Bush fires, Impact Damage of any kind, Riot, Strike, Malicious Damages, Acts of terrorism, Bursting and overflowing of water tanks, apparatus and pipes, Leakage from automatic sprinkler installations and Theft within 7 days from the occurrence of any of the aforesaid events.



## Travel Insurance

Comprehensive Travel insurance provides: Emergency medical cover, Losses incurred due to unforeseen cancellation or having to cut your trip short, Death and disability cover, Personnel liability cover, Luggage cover etc.



## Group Insurance

It covers a group of people under a single insurance policy providing coverage against the same risks to all members of a group irrespective of their age, gender, occupation or socio-economic status. These plans can be bought by MSMEs for providing coverage to their employees. The members covered under the single insurance policy are collectively referred to as a 'Group'.



## Shopkeepers' Package Policy

These policies are designed to insure all insurable risks of a large number of shopkeepers. It covers damage to the structure and contents due to fire, earthquake, flooding or malicious damage; and burglary. Shop insurance can also include business interruption protection which will cover any loss of income or additional expenditure in the event of operation of unexpected peril causing interruption of business operation. In addition, few additional covers such as Money Insurance, Burglary and Housebreaking, Legal liability, Electronic Equipment and Appliances etc., are also available under this policy.

## Property Insurance

Insurance of property means insurance of buildings, machinery, stocks etc. against Fire and Allied Perils, Burglary Risks and so on. Goods in transit via Sea, Air, Railways, Roads and Courier can be insured under Marine Cargo Insurance.

IRDAI has recently introduced 'Bharat SookshmaUdyam Suraksha' and 'Bharat LaghuUdyam Suraksha' to cover enterprises where value at risk at one location is upto Rs. 5 Crore and exceeding 5 Crore but not exceeding Rs. 50 Crore. These products provides cover against Fire and Allied perils such as Fire, Explosion/Implosion, Lightening, Natural Catastrophes (Storm, Cyclone, Typhoon, Tempest, Hurricane, Tornado, Tsunami, Flood, Inundation, Earthquake, Subsidence, Landslide, Rockslide), Forest, Jungle and Bush fires, Impact Damage of any kind, Riot, Strike, Malicious Damages, Acts of terrorism, Bursting and overflowing of water tanks, apparatus and pipes, Leakage from automatic sprinkler installations and Theft within 7 days from the occurrence of any of the aforesaid events.

The different types of property that could be covered under these products are offices, hotels, shops, hospitals, industrial/manufacturing risks, storage risks outside the compound of industrial risks; tank farms/gas holders located outside the compound of industrial risks etc.

## B) Business Risks and Insurance

Like personal risks, Insurance can also help out in covering various business risks faced by MSMEs, Retail and Wholesale Shops, and other similar enterprises.



### Risks faced by business enterprises

Risks from natural calamities: The enterprise/MSME can be destroyed by an earthquake, it could be affected by floods and a fire can destroy the premise of enterprise.

Though Owners/entrepreneurs are all along exposed to such risks which can ruin them completely, the entrepreneurs can do practically nothing about these as all these are events beyond their control. Such risks are always there but their occurrence would be unexpected or accidental; and if the event happens, the loss can be defined and measured. Insurance can take care of such risks that are chance events beyond human control.

### Export Credit Insurance by ECGC

Export credit insurance (ECI) protects an exporter of products and services against the risk of non-payment by a foreign buyer. In other words, ECI significantly reduces the payment risks associated with doing business internationally by giving the exporter conditional assurance that payment will be made if the foreign buyer is unable to pay. Simply put, exporters can protect their foreign receivables against a variety of risks that could result in non-payment by foreign buyers.

It generally covers commercial risks and certain political risks that could result in non-payment. ECI also covers currency inconvertibility, expropriation, and changes in import or export regulations. ECI is offered either on a single-buyer basis or on a portfolio multi-buyer basis for short-term (up to one year) and medium-term (one to five years) repayment periods.

### Trade Credit Insurance

Trade credit insurance protects businesses against the risk of non-payment for goods and services by buyers. It usually covers a portfolio of buyers and indemnifies an agreed percentage of an invoice or invoices that remain unpaid as a result of protracted default, insolvency / bankruptcy. It covers Commercial risks (insolvency or protracted default etc) and Political risks (operation of law, occurrence of war etc).

### Cyber Insurance

Cyber Insurance is designed to guard businesses from the potential effects of cyber-attacks. It helps an organisation mitigate risk exposure by offsetting costs, after a cyber-attack/breach has happened. It covers business interruption losses, Data restoration costs, consultant services covers like forensic expert analysis etc."

## **Government Insurance schemes for MSME Employees**

MSME Employees can avail the following insurance schemes provided by GoI

### **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**

- Provides accidental insurance cover of upto 2 Lakh to bank account holders in the age of 18 to 70 years
- A fixed annual premium of Rs.12/- is deducted from the bank account through auto-debit facility
- Person would be eligible to join the scheme through one savings bank account only
- Insurance covers permanent and partial disability due to accident.

### **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)**

- Provides life insurance cover of 2 Lakh to bank account holders (Savings Bank A/c) in the age of 18 to 50 years.
- A fixed annual premium of Rs.330/- is deducted from the bank account through auto-debit facility

### **Pradhan Mantri Jan Arogya Yojana (PMJAY) – Ayushman Bharat**

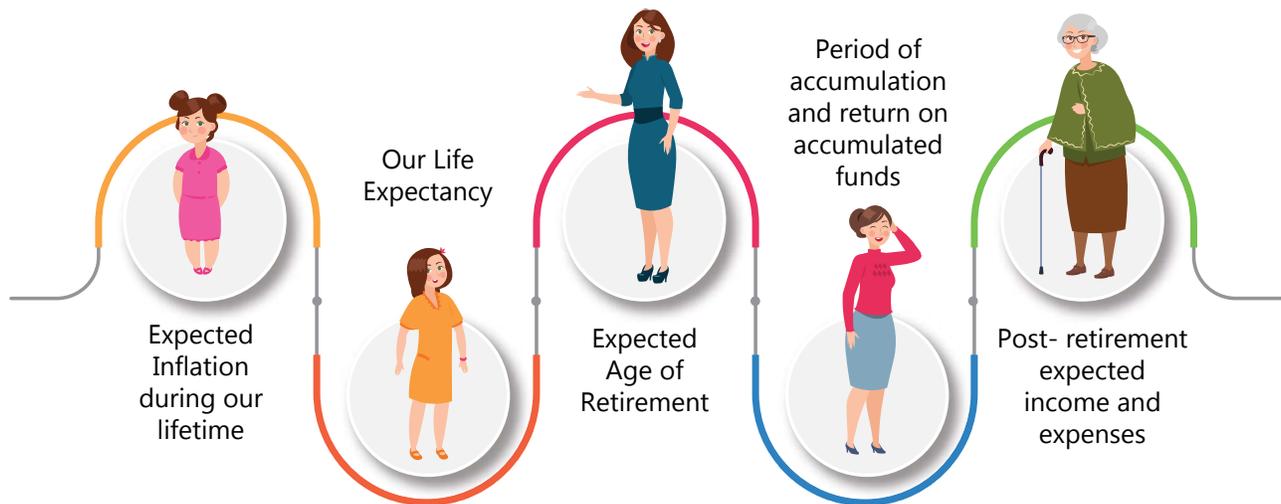
- Provides health care facilities targeting poor, deprived rural families and identified occupational category of urban worker's families
- There is no restriction on family size, age or gender
- No money needs to be paid by the family for treatment in case of hospitalization.

## C) Retirement And Pension

After a full and productive working life, you look forward to having a healthy, active and secure retirement. Whether you retire early or work well into your senior years, you want to know that you will be financially secure in your later life. Will you have enough money for your retirement?

Your younger and middle years are filled with numerous demands on your time and finances: raising children, buying and maintaining a home, enjoying festivities. You may be too busy to think about retirement, or you may find it hard to put money aside now for later.

### Points to keep in mind for Retirement Planning

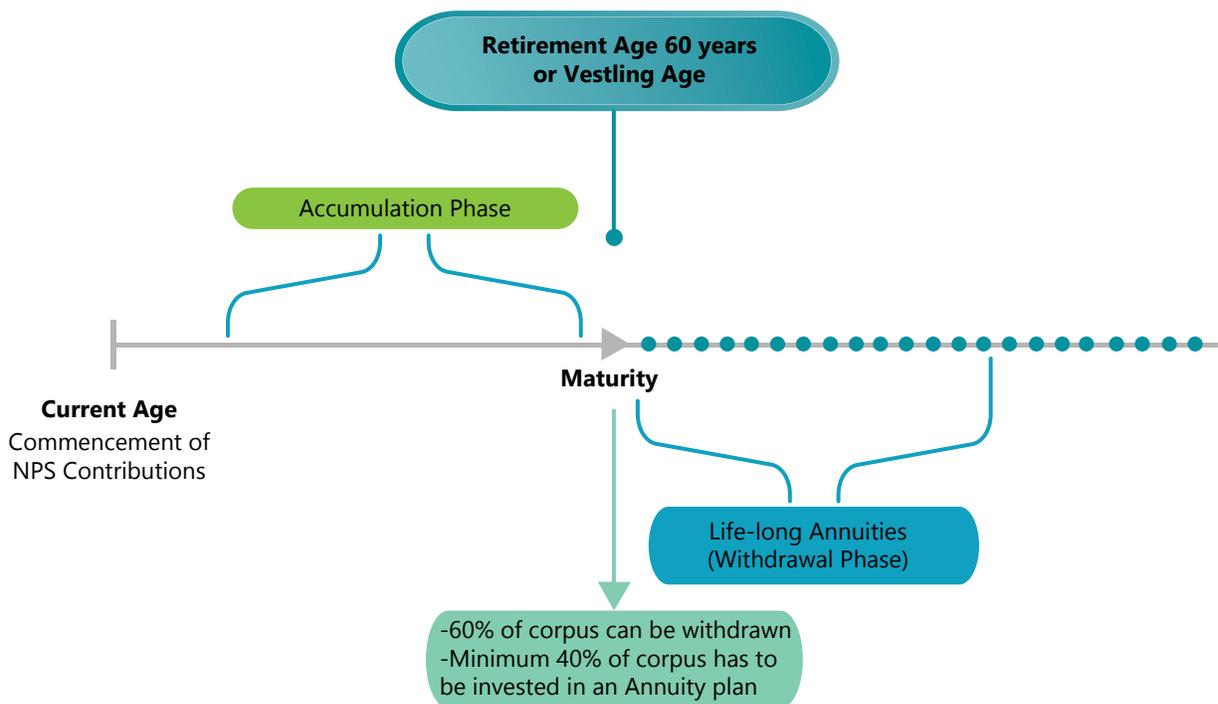


Inflation is the rise in the cost of consumer goods and services. It affects your retirement needs in two ways. First the cost of goods that you buy increases which means for buying the same amount of goods you need to pay more. Second, due to inflation your retirement savings also lose value. The risk of living longer (increasing life expectancy) needs to be taken into account. The life expectancy at 60 is increasing and hence required higher provisioning to take care of after retirement life and also to maintain the same standard of living. All these must be taken into account when you are creating your retirement fund.

MSME entrepreneurs may introduce NPS-Corporate scheme and Atal Pension Yojana (APY) for their employees.

### National Pension System (NPS)

NPS is a defined contribution retirement scheme introduced by Government of India and regulated by PFRDA to provide financial security and stability during old age when people do not have a regular source of income. Scheme is voluntary and open to all citizens of the country who are between the age of 18 and 70 years. By subscribing NPS you will be able to save and invest systematically during your working life. A minimum investment of Rupees 500 per year is required to subscribe the scheme. When you retire, normally after age 60, you will get a part of your money as a lump-sum and the remaining gets invested in any annuity scheme of your choice for providing pension on monthly basis. Your investments in NPS, up to a certain limit, are also income-tax exempted.



NPS provides combination of various asset classes i.e. equity, corporate debt, government securities and alternative investment class. Thus, it helps investors to diversify their investments. Further, subscribers who are having limited knowledge and understanding of investments and asset allocation, may opt for any of the three life cycle funds (conservative, moderate and aggressive) which provides for automatic diversification by distributing the assets across asset classes in pre-defined manner, on the basis of the age of the subscribers. MSME entrepreneurs may introduce NPS-Corporate scheme for their employees.

**Exit from NPS is permitted on following 3 conditions:**

- i) Conditional partial withdrawals are allowed upto 25% of the contributions made by the subscriber, after 3 years of joining NPS.
- ii) Exit before 60 years of age or superannuation age: Premature exit with 80% Annuity purchase & 20% lump-sum.
- iii) Exit at 60 years of age or superannuation age: Min. 40% Annuity purchase & Max. 60% lump-sum.

For more information, please visit <https://www.pfrda.org.in/>

**NPS CORPORATE MODEL**

For registering employees under NPS Corporate scheme, two step registration process is given here under:

**Corporate Registration Process:**

MSME/Corporate desirous of extending NPS to their employees may approach Point of Presence (POP-usually a bank)for on-boarding.

The MSME/corporate has to submit the CHO-I form to POP. Post necessary due diligence on the status of corporate, POP would duly certify the form and submit to Central Recordkeeping Agency (CRA).

CRA would register the corporate in the CRA system and allot Entity Registration Number which needs to be mentioned in each Subscriber Registration Form (CS-S1), while

registering employees under NPS.

### Employee Registration Process:

MSME/Corporate for its employees would submit the following documents to the POP branch for Subscriber Registration/ generation of PRAN (Permanent Retirement Account Number).

- Duly filled-in subscriber registration form signed by the employee and attested by Employer.
- Related KYC document.

### Atal Pension Yojana (APY)

The Government of India is concerned about the old age income security of the unorganized and working poor and is focused on encouraging and enabling them to save for their retirement. Any citizen of India who is between 18 and 40 years can join APY for receiving a guaranteed minimum pension of 1000 to 5000 rupees per month after the age of 60 years. To join APY you need to have a savings bank account. Contribution to this scheme is as low as Rs.42 at the age of 18 for getting the pension of Rs.1000. Since the contribution increases with the age, it is always beneficial to join the scheme at early age.

#### Three Guaranteed Benefits of Atal Pension Yojana

- 1** **Guaranteed Minimum**  
Monthly Pension (Rs.1,000 to Rs.5,000) for life
- 2** **Lifelong Pension**  
Lifelong pension for spouse after subscriber's death
- 3** **Nominee Receives**  
Return of accumulated corpus to nominee (indicative amount Rs 1.7 lakh to 8.5 lakh)

When you join the APY, you are making sure that when old age comes, you are prepared for it as this scheme provides Triple Benefits on attaining the age of 60 years. The monthly pension would be available to the subscriber for his/her lifetime, and after demise of the subscriber, same amount of pension will be given to spouse of subscriber and after death of both subscriber and spouse, the pension corpus, as accumulated at age 60 of the subscriber, would be returned to the nominee of the subscriber. In case of premature death of subscriber (death before 60 years of age), spouse of the subscriber can continue contribution to APY account of the subscriber or can withdraw fund accumulated in APY account.

For more information, please visit <https://www.pfrda.org.in/>

MSME may encourage employee working under them to get enrolled under APY. Any MSME/employer may even reimburse APY contributions in the savings bank account of its employees to motivate them to join APY. The enrolment process is given as under:

### Registration Process:

1. Submission of duly filled in APY subscriber registration form at the bank branch wherein employees of MSME are having a savings bank account.
2. Mention pension slab, frequency of contribution and nomination in the registration form, as per choice of the employee.
3. Bank will issue acknowledgment No./PRAN No. upon successful submission of form.
4. Contributions will be automatically deducted periodically from savings bank account of the employee.

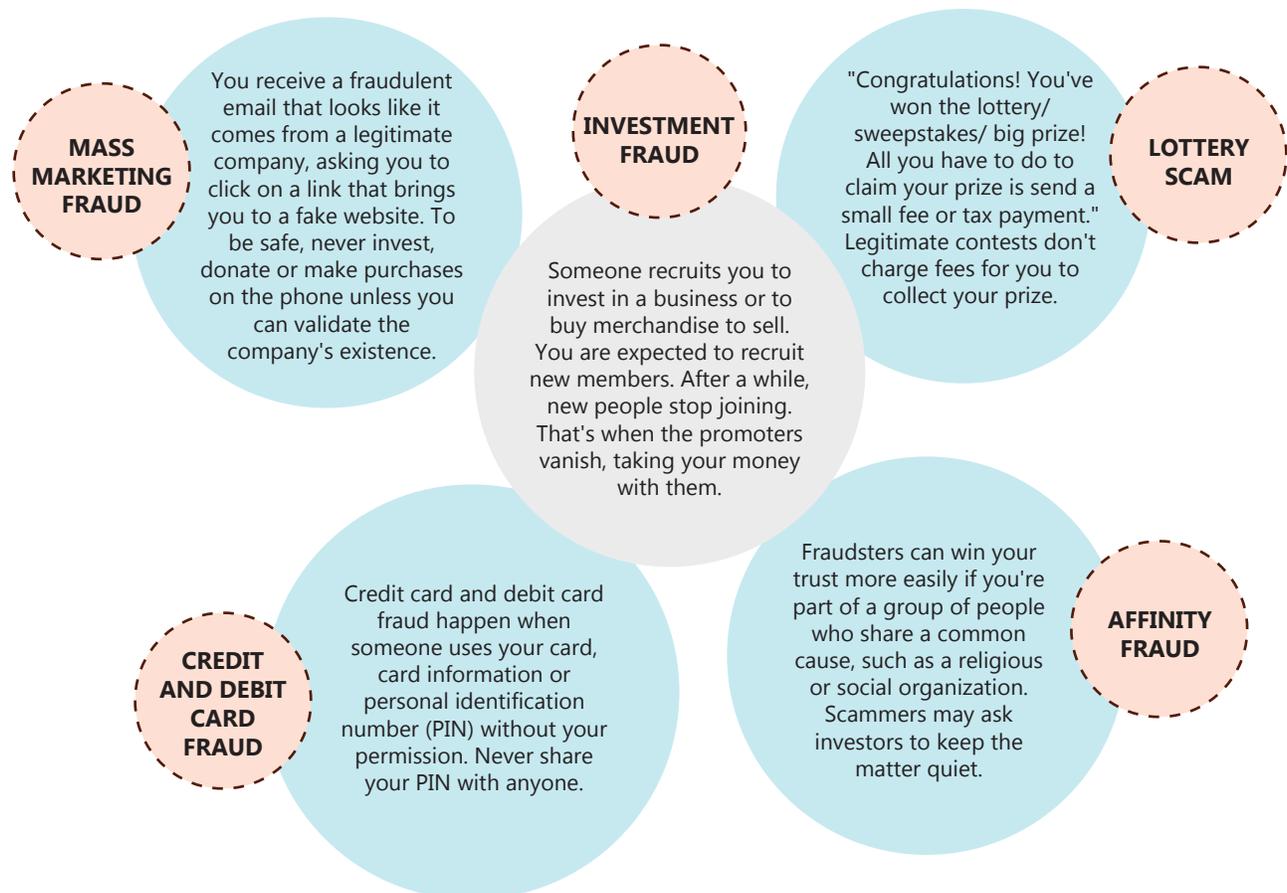
Financial fraud or scam is a growing problem in today's world. Every year we hear new stories about people losing all their money by investing in illegal schemes. But this has not stopped others from falling prey to these schemes. This is because criminals are very creative and they keep changing their tactics to find new victims. You can keep your money safe by being aware of these risks.



The first step in protecting yourself against fraud or scam is knowing what it is and how to recognize various types of fraud or scam.

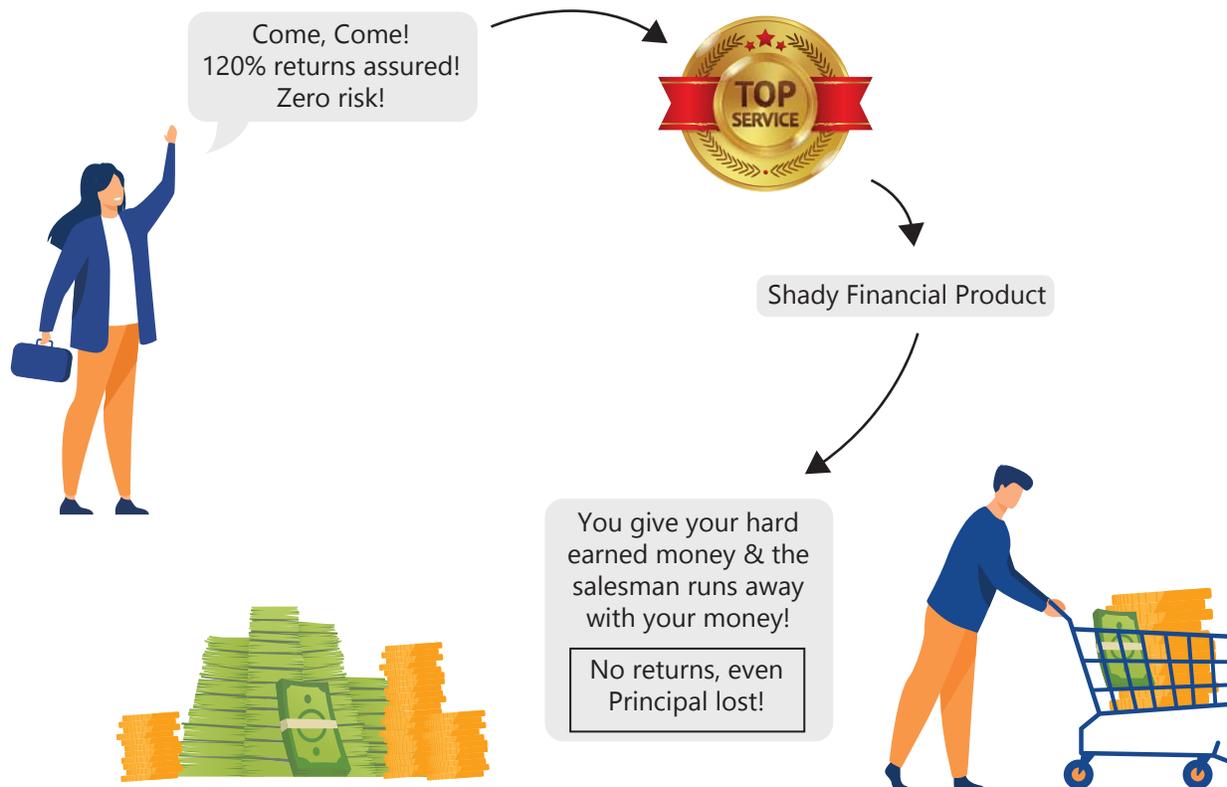
### Financial Frauds/Scams

Fraudsters and scamsters target people in a variety of ways: Through email and on the telephone, when victims are making investments or by stealing personal information



### Mechanism to report fraud/scam

Sachet Portal is a portal for reporting information or complaint against any entity which has defaulted in repayment of deposits or money collected under any scheme.



For more information,  
Please visit <https://sachet.rbi.org.in/>



Sachet Portal says: Invest with or deposit only with entities registered with or regulated by RBI, SEBI, IRDAI, PFRDA or Government.

Do not be lured by schemes that promise very high returns: they could be fraudulent schemes.

Do not take loans from entities offering loans at rate lower than rate charged by the banks. They may just collect processing fee and vanish!

### Grievance Redressal for MSMEs

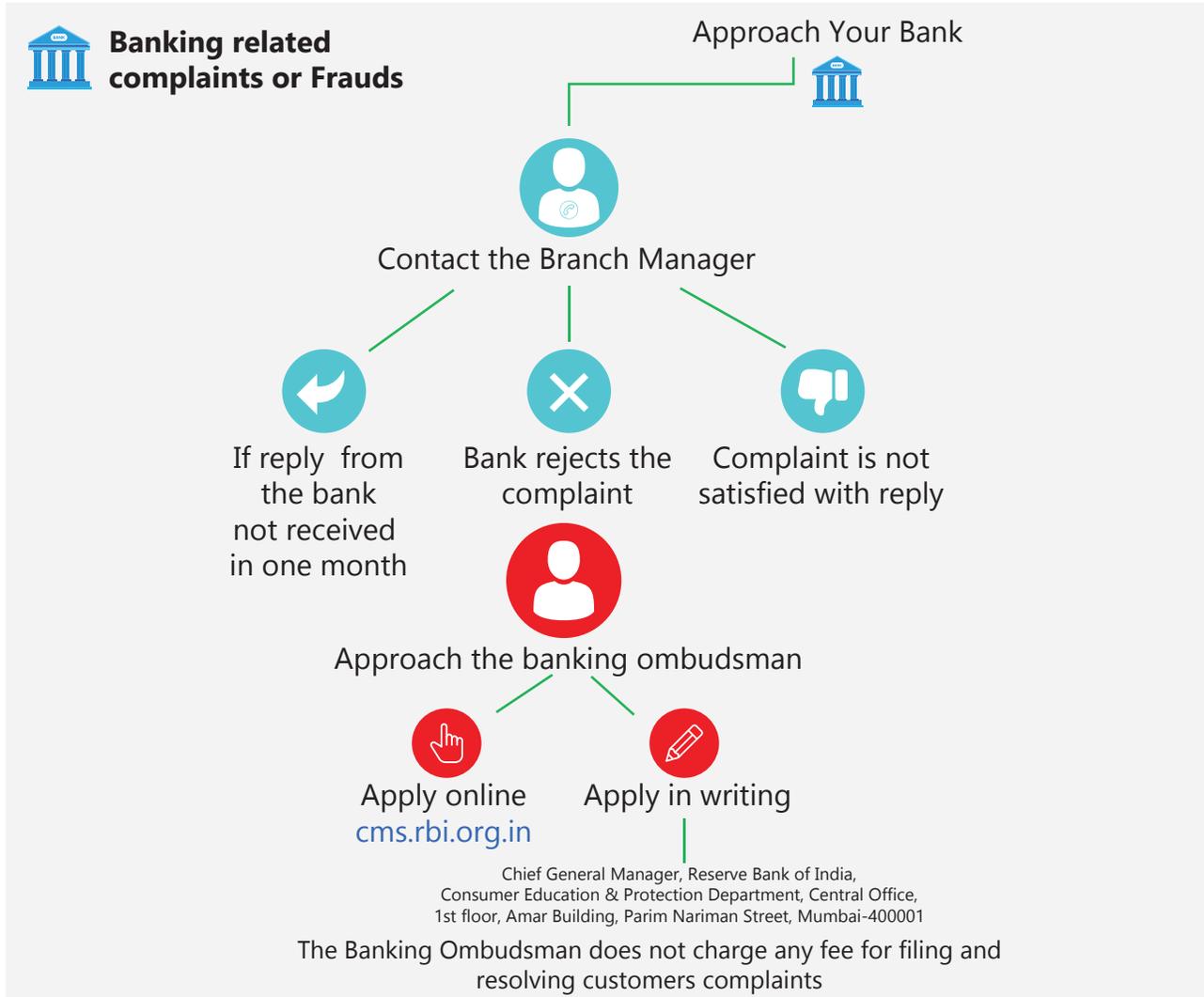
Ministry of Micro, Small and Medium Enterprises (MSMEs) has started a unified and technology driven platform (CHAMPIONS platform) for helping and promoting the Micro, Small and Medium Enterprises (MSMEs) of the country. This is basically for helping and handholding the smaller units, in particular, by solving their problems and grievances. As the name suggests it will aim at Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength.

If you are Owner/Manager of MSME and if you have any issue or grievance regarding MSME, you can put it on this CHAMPION – grievance redressal platform.

<https://champions.gov.in/Government-India/Ministry-MSME-Portal-handholding/msme-problem-complaint-welcome.htm>

# Grievance Redressal – Banking, Investment, Insurance and Pension

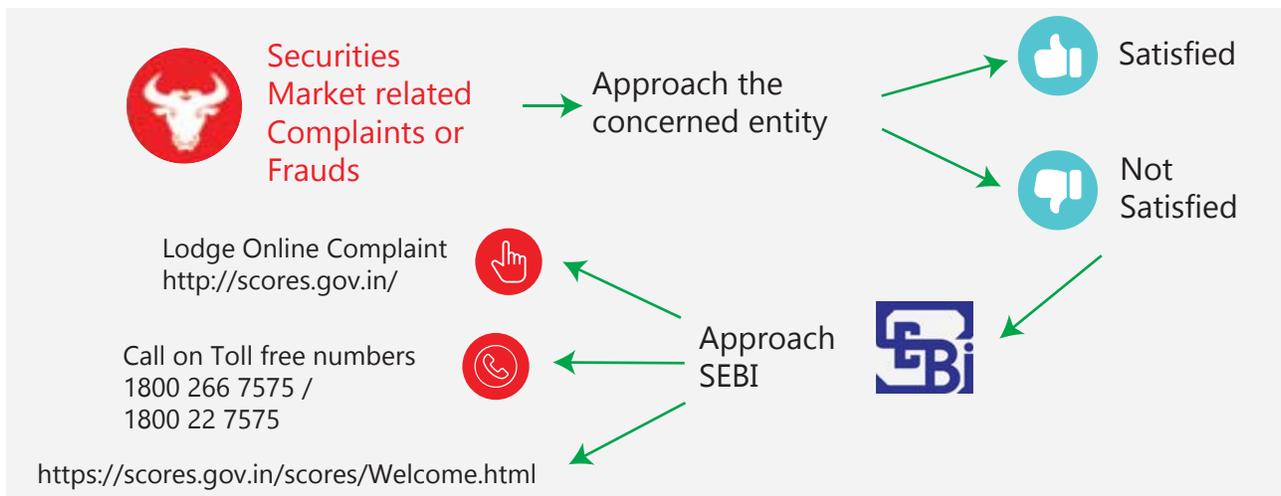
## 1. Banking-RBI



### CMS: Complaint Management System

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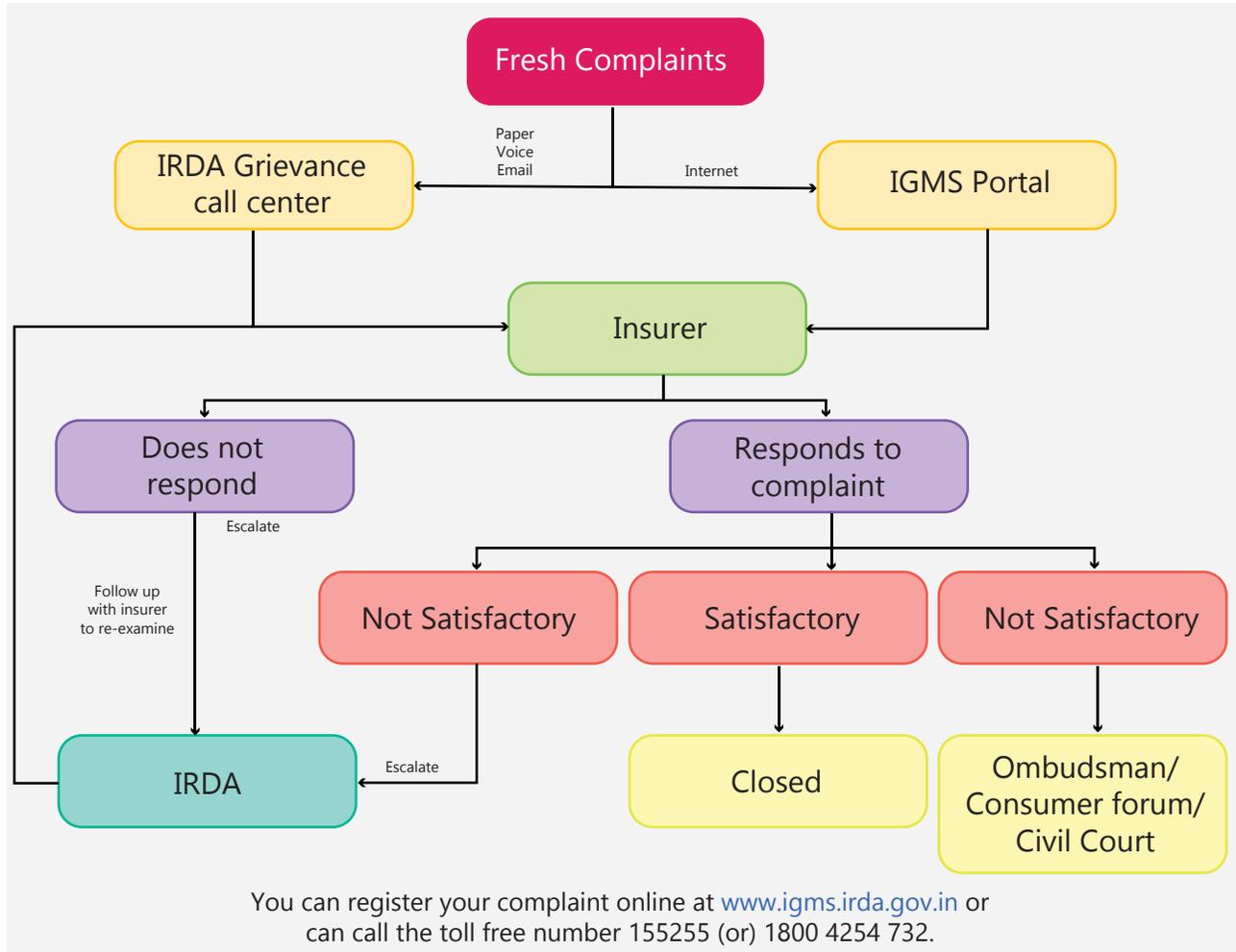
## 2. Investment-SEBI



### SCORES-SEBI Complaints Redress System

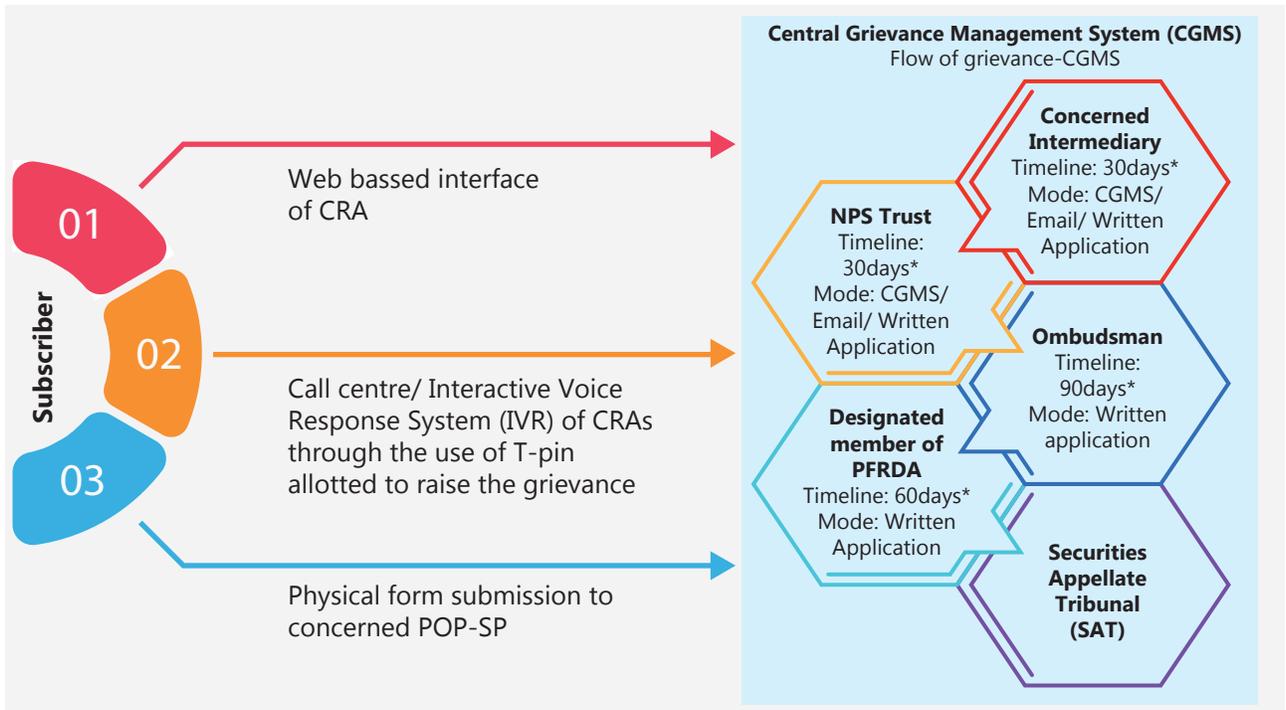
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### 3. Insurance – IRDAI



### IGMS-Integrated Grievance Management System

### 4. Pension- PFRDA



### PFRDA – Central Grievance Management System

## Dos and Don'ts for entrepreneurs

### Dos

<b>Personal Traits</b>
Trust your gut feeling (but only when you have acquired good amount of information). An educated/informed gut feel is superior to the 'blind' gut feel".
Deserve before you desire.
Stay in the company of people better than you, this will give you motivation to learn and earn more
Invest in learning new technologies
Build a network of family, friends and mentors
Differentiate between calculated risk and blind gambling
Value yours and other's time
Preparation is key to success anywhere so is the case with business.

<b>Business Traits</b>
Look for the pain points of people around. There are opportunities in problems.
Start a business in area, where you have some experience. Familiarity with subject and relationships will improve probability of your success.
Read some good books/blogs on how small and medium entrepreneurs have become successful.
Invest time in reading and learning about market trends.
Focus on your core strength and maximise it
Prepare a business plan if you don't know how to prepare one, take help from some professional.
Focus on one business at a time and scale it up, every business has opportunity and money.
Give some time for business to prosper.
Be a good observer. Look for changes happening around for business ideas.
Have passion for the business.
Always ask yourself after a defined time period, 'is this the place where you wanted to reach?'
Build a good team. Teams deliver not individuals.
To keep your customers happy, keep your team happy.
Business secrets are to be kept secret.
Approach government departments for suggestion. They work better than your perception about them.

Create special niche for your product/service and try for loyalty amongst customers.

Value customer relationships. They are the very reason of your business existence.

Encourage customers feedback.

Use social media to your advantage to expand your reach

Do keep your resolve, tough times will come for sure and will go for sure

Drop the word "vendors" from your dictionary. Replace that with word 'partners' and see the difference

Bring in clarity to people about their roles.

Leverage technology to create efficiency and effectiveness in business.

Ask intermittently, "How do I stay relevant to my customers? Why should a customer come to me to do business?"

## **Personal Traits**

Spend money on wellbeing of deserving employees, he will bring more business.

Earn Stakeholders (investor, creditors, customers, employees etc.) trust. They are your real asset.

Always plan your personal finances required in case of business failure.

Avoid high cost personal finance and opt for banks or institutional finance

Save every rupee which you can otherwise you will have to earn it back

Be generous in sharing profits with stakeholders. They will value your relationship

Maintain accounts and records of every transaction. It creates discipline

Insure self and business adequately

Increase your awareness on legal and tax provisions applicable to your business.

Fulfilling all the compliances in a timely manner definitely saves you both the precious resources-time and money.

## Don'ts

Do not hesitate to try something new, if your current business is not satisfactory.
Do not try to make millions overnight. New business takes time and patience.
Do not make hasty decision to start business. Evaluate value proposition properly.
Do not ignore profit requirement of business
Do not tolerate employees/partners who are unethical
Do not hesitate in asking for help
Do not try to make money by evading taxes and duties through illegal means.
Do not compromise on business integrity
Do not try to run away from difficult situations/questions
Do not borrow too much, easy credit is enemy of business efficiency
Do not form company for the glory of having a registered company, if not needed
Do not ignore receivables. Without cash flows, nothing will flow in business.

## **NCFE - FINANCIAL EDUCATION FLAGSHIP PROGRAMME**

Our programmes of financial education cover all segments of society, keeping in mind different age bracket of population.

For school teachers and students, at the level of school – FETP and MSSP

For youth, at the level of college – FACT

For Adults of our society, especially in rural regions – FEPA

### **FINANCIAL EDUCATION TRAINING PROGRAM (FETP)**

FETP is an initiative of the NCFE for providing unbiased personal financial education to people and organizations for improving financial literacy in the country. NCFE has been conducting FETP for School teachers, teaching students of classes 6 to 10 across India. After completion of the training, these teachers would be certified as “Money Smart Teachers” and would facilitate financial education in schools and encourage students to obtain basic financial skills.



NCFE encourages schools to register and facilitate FETP for their school teachers through registration link at our website (<https://www.ncfe.org.in/program/fetp>)

### **MONEY SMART SCHOOL PROGRAM (MSSP)**

MSSP is an initiative of the NCFE to provide unbiased financial education in schools to improve financial literacy, which is an important life-skill for the holistic development of each student. NCFE invites Schools to voluntarily introduce financial literacy, as part of their existing curriculum, for students of Classes VI to X. NCFE and CBSE has jointly developed comprehensive study material for students of Classes VI to X.

Schools implementing this programme would be certified as “Money Smart Schools” and rewarded with a Shield/Trophy and an e- Badge after successful completion.



NCFE encourages schools to register for the MSSP programme on our website: (<https://www.ncfe.org.in/program/mssp>)

## **FINANCIAL AWARENESS AND CONSUMER TRAINING (FACT)**

FACT is a programme launched by NCFE to provide financial education to young graduates and post-graduates, on topics directly relevant to them, which would in turn positively impact their financial wellbeing. This programme aims to make the youth aware of their rights and responsibilities as financial consumers, how to set the financial goals, and where to go for help when they need it.



NCFE encourages graduate and post-graduate colleges to register and facilitate FACT for their students through registration link on our website (<https://www.ncfe.org.in/program/fact>)

## **FINANCIAL EDUCATION PROGRAM FOR ADULTS (FEPA)**

Financial Education Program for Adults (FEPA) is a Financial Literacy Programme designed and implemented by NCFE to spread financial awareness among the adult population of India. Various identified target groups would be focused for this programme. This programme workshop would equip the participants to manage their own finances in an optimal manner. Also, the workshop imparts basic knowledge regarding financial products and services pertaining to Banking, Investment, Insurance and Retirement planning.



For further information about the FEPA, see the link: (<https://www.ncfe.org.in/program/fepa>)

## LIST OF IMPORTANT WEBSITES FOR REFERENCE

- 1 RBI <https://www.rbi.org.in/>
- 2 SEBI <https://www.sebi.gov.in/>
- 3 PFRDA <https://www.pfrda.org.in/>
- 4 IRDAI <https://www.irdai.gov.in/>
- 5 NCFE <https://ncfe.org.in/>
- 6 Ministry of Finance <https://finmin.nic.in/>
- 7 Ministry of MSME <https://msme.gov.in/>
- 8 Ministry of Corporate Affairs  
<https://www.mca.gov.in/content/mca/global/en/home.html>
- 9 Ministry of Commerce  
<https://commerce.gov.in/>
- 10 Small Industries Development Bank of India (SIDBI)  
<https://www.sidbi.in/en>
- 11 The Institute of Chartered Accountants of India  
<https://www.icai.org/>
- 12 The Institute of Cost Accountants of India  
<https://icmai.in/icmai/Webint-CAT.php>
- 13 The Institute of Company Secretaries of India  
<https://www.icsi.edu/home/>
- 14 Industry Ministry of Heavy Industries  
<https://dhi.nic.in/>
- 15 Cashless India  
<http://cashlessindia.gov.in/>
- 16 BSE india  
<https://www.bseindia.com/>
- 17 NSE india  
<https://www.nseindia.com/>
- 18 Champions  
<https://champions.gov.in>



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