Supported by

Financial Literacy

for newly inducted people in the Financial System

Disclaimer:
This book is presented as a reading and teaching material with a sincere purpose of making the reader financially literate. It is not intended to influence the reader in making a decision in relation to any particular financial product/s or service/s.

Module 1

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.

Setting priorities: Needs and Wants

It is very important to know the difference between your needs and your wants. This will help you in setting your priorities so that you know where to spend your money.

1.Need: A necessity, something required, something essential for life

2.Want: A desire, something wished for, something non-essential

Using these definitions, "a roof over my head" is a need. So are clothing, food, tools for work and medications. "Watching movies in theatre" is a want, and so are addictions like chewing paan, smoking and drinking.

Income

Most of us have a source of income through our job, business, farming or any other work. 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, children's education and marriage, gifts for relatives and so on. If you want to reach your goals, there are two things you must do with your expenses:

1. Know what you spend.
2. Reduce unnecessary spending.

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

1 Keep every receipt.

2 Record every expense daily.

3 Total your expenses at the end of the month.

4 Do this for at least three months.

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 make changes 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.

Financial Goals

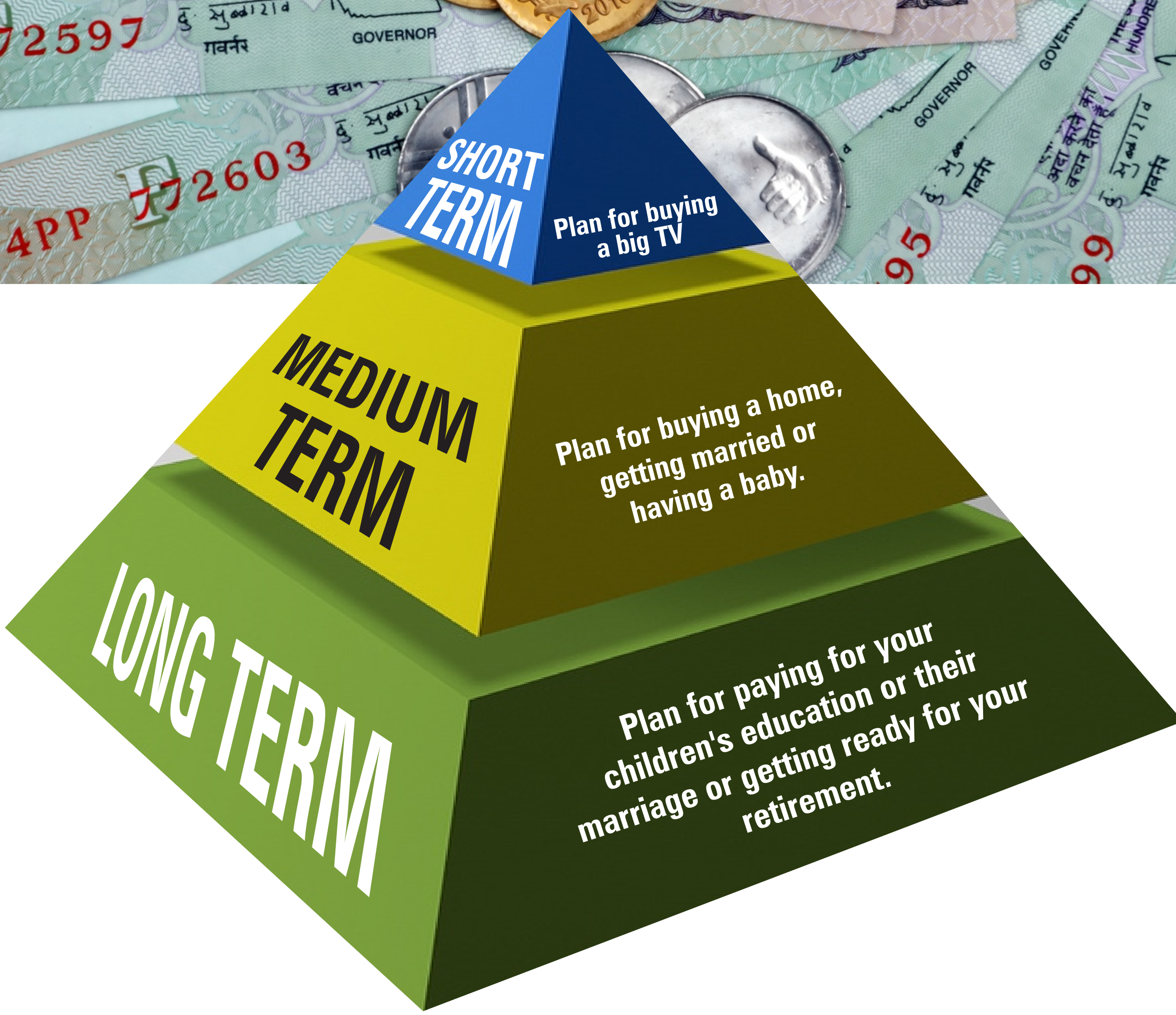
If you want to go somewhere, you need to know the road. It's the same with your money. To manage your money well, you need to know where you want to go.

For an example "saving for a motorbike" is vague and hard to measure. How will you know if you are making progress or have achieved it? On the other hand, "saving 50000 rupees for a 100 CC motorbike within 10 months" is SMART. It's specific - you know exactly what you're saving for. It's measurable -you know how much you will need. It's achievable and realistic - you can break the total amount needed into smaller steps (saving 5000 rupees a month) that will be easier to do. And it's time bound you've set a deadline of 10 months.

It's important to set short, medium and long-term financial goals.

Module 2 Saving

Why Save?
Saving is very important. It will help you to meet your goals and provide for your own future.



Without savings, when you want to purchase something, you have to borrow money. Borrowing is expensive, because not only do you have to pay it back, you also pay interest, often at a high monthly rate. Saving lets you avoid the interest you have to pay to borrow money. Most people know the reasons to save - but many don't do it consistently. Save now.

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.

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.

Where to save?

You know you can save at least a little every month. What should you do with your savings to keep them safe? There are many options. It can be as simple as a savings account at a bank. It can be recurring or fixed deposits, or post office savings schemes.

Savings account
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 little interest. You can take your money out whenever you need it.

Recurring deposits
Recurring deposits popularly known as RD are best if you wish to create a fund 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.

Fixed deposits
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.

Each type of Savings vehicle has costs and limitations. Check them carefully to be sure you understand the terms and whether they provide what you need.

What is BC? How does a BC function?

Banks have been allowed to appoint local individual persons and others as BC to work as agents of the banks. The BC uses Information and Communication Technology (ICT) based devices such as handheld machines, smartcard based devices, mobile phones, etc. to carry out the banking transactions.

Whether our money is safe if we deposit with BC?

BC is a mode of providing banking service at our doorstep as bank branch is far off from our area. Depositing our money with BC is as good as depositing with a bank branch. The transactions are done through the ICT based devices and accounted in the books of the banks. The customers get immediate verification of their transactions as cash deposited/withdrawn by customers through the BC is acknowledged by issue of a receipt on behalf of the bank. Additionally, transactions through BCs are done on the basis of our biometrics or a PIN number and thus no one else can do the transactions in our account.

What are the services provided through BCs?

BCs will provide the facility of saving deposit accounts with inbuilt overdraft, fixed deposit and recurring deposits. They will also allow remittance of funds from our accounts and receipt of funds into our account. Besides, they will provide credit for income generating activities through Kisan Credit Cards for farming activities and General Credit Card for non-farm based activities.

Module 3 Credit and Debt Management

Many people need to borrow money for buying a house, car or children's education. This is called credit. Borrowing money is neither good nor bad. But financial experts often distinguish between good debt and bad debt. Good debt is an investment in something that creates value or produces more wealth in the long run. Examples: loan to buy a house or education loan for your kids to pursue higher education. Bad debt is debt taken to buy something that immediately goes down in value or to buy something that you can't repay on time. Example: loan to buy a big size television or loan to pay your monthly expenses.

It's easy to spend without realizing how the debts are piling up. Sometimes, despite your best efforts, you find yourself with more debt than you can handle.

Although it may seem impossible, you can get out of debt. The first step in solving your financial problems is to admit that you have them and take control before they get out of hand.

Suppose you want to buy something and you don't have money. The phone rings or you receive an email, offering to get you a loan. Don't fall for such pitches. Make a plan to save up enough money so that you can buy what you want.

MONEY LENDER

Why borrow within limit?

When you borrow money, you have to pay an interest on the borrowing amount.

Borrowing beyond your means will lead to a debt trap and it would be very difficult to get out of it.

When you borrow more than you can handle, you find it difficult to repay.

Borrowing within limit will help you build a good credit score as you can repay your loans.

Paying interest on the loans you have taken is an expense. If you borrow more, your expenses grow.

Module 4 Insurance

No one plans to get in an accident or become seriously ill. The chances of these things happening to you may be very small. So we may put off buying the insurance we need. But these things do happen. It's only when the event occurs that we realize that we may not be as well protected as we would wish. Insurance is a way to protect yourself and your loved ones from financial hardship in case losses occur.

COMMON TYPES OF INSURANCE

LIFE INSURANCE

HEALTH INSURANCE

CAR 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.

Vehicle insurance

Auto or vehicle insurance is mandatory if you own a vehicle. Depending on your policy, it covers losses that your vehicle causes to other people and of your own medical expenses if you have met with an accident. It also covers the cost of repairing or replacing your vehicle due to other types of damage or loss, such as vandalism, fire or theft.

Health insurance

In the recent past the cost of treatment has increased many folds. A simple visit to a doctor now costs anywhere between 300 to 3000 rupees, depending on where you live. If your treatment requires you to stay in the hospital for few days, you will end up with a huge medical bill that can severely impact your savings. To avoid such financial shocks, we must insure ourselves. Every insurance company offers a medical insurance plan that covers basic medical care, including doctor visits and costs of hospitalization.

Making a claim

A disaster happens. Your bike is stolen. You have met with an accident. It's time to make a claim. When you make a claim, you are officially asking the insurance company to pay you for the loss you have suffered under the terms of your insurance policy.

Contact your insurance broker, agent or company as soon as possible. Because most companies have time limits within which you must submit your claim. Also remember to provide all supporting documents needed when submitting your claim.

Module 5 Investment

Investing can be complex and it often has risks. But with 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: its 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

What you want from your investments depends on who you are. Your investment goals will be different from those of other people, and they 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.

1. If your goal is to make as much money as you can, you have to be ready to take some risks. You are likely to choose shares in companies with a potential for growing rapidly.

2. If your goal is to keep your money safe, or to provide money to live on, you would choose different investments, such as guaranteed investments or bonds that pay a low but reliable return.

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 1

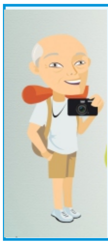
If you are young, you may be willing to take more risks because you are planning for the long term. If the value of your investments goes down, you'll have time to recover and your investments can grow over a long period of time.

Stage 2

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 3

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 4

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.

Diversification

It is never a good idea to put all your eggs in one basket. If you put all your money in one investment, it may rise or fall depending on a wide range of unpredictable factors. If you put your money into a range of investments and one or two lose money, the others may gain money to balance your investments.

This is known as diversification. It is a way to reduce risk when you are making investments.

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 to profit when the company profits. 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. For beginners, it's better to invest in the share market via mutual funds which are professionally managed and is less costly.

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. Buying a mutual fund unit is simple and easy since these are sold by many banks and the minimum investment amount is small.

Before investing, it's important to remember that if an offer is too good to be true, it probably is. Also be sure that the product or company you are investing in is a registered entity engaged in legitimate business.

Why invest?

Invest, so that your money will grow because of compound interest.

If you keep your money with yourself you risk losing purchasing power to inflation.

Investing helps you achieve your financial goals.

Invest so that you don't have to rely on anyone.

Module 6 Retirement and Pensions

After a full and productive working life, you look forward to 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?

If you're like most Indians, 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.

Retirement needs

It is important to know how much money you will need for retirement. It can vary with your individual circumstances. Life expectancy, inflation and your retirement age are some of the key factors to be taken into consideration while calculating your retirement needs.

Inflation is the rising 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 good you need to pay more. Second, due to inflation your retirement savings also lose value. All this must be taken into account when you are creating your retirement fund.

National Pension System

The national pension system is a pension plan by the Government of India to provide financial security and stability during old age when people don't have a regular source of income. It is open to all citizens of the country between the ages of 18 and 60 on a voluntary basis. You can subscribe to NPS through which you will be able to save and invest systematically during your working life. A minimum saving of 500 rupees per year is required to subscribe to the scheme. When you retire, normally at age 60, you will get a part of your money and the remaining can be withdrawn on monthly basis. Your savings in NPS, up to a certain limit are also tax exempted.

When it comes to thinking about your retirement, do you plan ahead? Or do you tend to put it off? One thing is clear; to ensure that you have enough to meet your retirement needs, it's essential to start planning early - at the beginning of your working life. It is important to start saving regularly, even if it's just a small amount every month.

Module 7 Financial Planning

Many of us think that financial planning is only about investing for retirement. It is - but it's also so much more. Whether you're a college graduate, a young person, a housewife or a senior person, financial planning is how you think ahead to make sure you achieve your goals. Your goal may be to get out of debt, to balance your budget or to retire in style and comfort, without a plan all you have to rely on is good luck. People who are well prepared usually have better luck.

A financial plan can help you to:
1. Balance today's needs with your goals for the future
2. Make the best use of your financial resources
3. Adapt to change in your circumstances and needs
4. Save money you need to achieve your goals
5. Prepare for unexpected emergencies
6. Protect what is most important to you
7. Prepare for retirement
8. Leave something for your family
9. Manage your taxes
10. Live your life with a sense of direction and security.

Planning means that you try to choose the future you want instead of falling into a future you did not choose. Also, if you have a plan you can adjust it when changes occur in your life. Because you know you are taking steps to manage your future, you will save more and worry less.

Begin your financial planning by answering three key questions:

1. Where am I now?
2. Where do I want to go?
3. How do I get from here to there?

Module 8 Government schemes

Pradhan Mantri Jan Dhan Yojana (PMJDY)

Opening a bank account under PMJDY is simple and easy. It also offers a lot of benefits. Have you already opened? If no, visit a nearest bank branch or business correspondent (bank mitr) centre today and open your account. You do not need any money to open an account. However, if you want a cheque book you will need to fulfill the minimum balance criteria of the bank. To open this account all you need is your Aadhaar card. If you do not have an Aadhaar card you need any one of the followings documents: Voter ID, NAREGA card, Driving license, PAN card and Passport. If you do not have any of these documents, you still can open your account. Go to a gazette officer and have a letter issued with your name, address and photograph in it. Remember you do not have to pay any money to open this account.

When you open the account, you will be given a free RuPay debit card. This card can be used to withdraw money from your account at ATMs or can be used to make payments for purchases at stores and online. This card must be used by you at least once in 45 days; otherwise you will not get many other free benefits of the scheme. If you successfully operate the account for 6 months, you would be eligible for an overdraft facility i.e. you can borrow 5000 rupees from the bank. And if you pay back the bank in time, you would be eligible to borrow 15000 rupees next time. By this you will be saved from all the problems of borrowing money from the local money lender and paying him an exorbitant interest. As you open this account you are also going to get a life insurance cover of 30000 rupees and accidental insurance cover of 1 lakh rupees, all for free.

By having a bank account you can now transfer money easily across the country. Also, any other kind of government benefits such as old age pension or LPG subsidies will be directly given in your bank account. Having this account will also give you access to various other insurance and pension products.


PPL

If you know someone who does not have a bank account, encourage him/her to open an account under the PMJDY and receive all the benefits at free of cost.

Pradhan Mantri Suraksha Bima Yojana

Pradhan Mantri Suraksha Bima Yojana (PMSBY)

People who have a bank account can avail the benefit of this scheme. If you still do not have a bank account, go and open an account under PMJDY. As you read in the previous section you do not need any money for this. It is also very simple and easy. All you need is your Aadhaar card to open this account.

Once you have a bank account, and you are in the age group of 18 to 70, under the PMSBY you can get an accidental insurance cover of 2 lakh rupees by paying just 12 rupees per year. This will be automatically debited from your bank account once a year when you join the scheme. After joining the PMSBY if the policy holder meets with an accident amounting to death or disability, you or your family members will receive an amount up to 2 lakh rupees as benefit.

Re member to join this scheme you need to have a back account and agree to pay 12 rupees per year which will be auto debited from your account. So go to your bank branch and avail this scheme today.

Pradhan Mantri Jeevan Jyoti Bima Yojana

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

If you have a bank account and you are in the age group of 18 to 50 years you can join this scheme

under which you will be given a life insurance cover of 2 lakh rupees by paying just 330 rupees per year. Like the PMSBY, to join this scheme you have visit your bank branch and agree to pay 330 rupees which will be auto debited from your bank account. After joining the scheme if the policy holder dies due to any reason, his/her family members will receive an amount of 2 lakh rupees.

If you are the sole bread earner in your family, have you though what will they do if something happen to you? By joining this scheme you can ensure that they will receive 2 lakh rupees which will not take away their pain but can help them great deal. Ask your friends and if they have not yet, ask them to join PMJJBY.

Atal Pension Yojana (APY)

As the name suggests, it is a pension scheme under the National pension System or NPS. Any one between the ages 18 to 40 years can join APY and will receive a guaranteed minimum pension of 1000 to 5000 rupees per month at the age of 60 years. Not only this, if you decide to join APY before 31st December 2015, the Govt. of India will also co-contribute 50% of total contribution or 1000 rupees per year for a period of 5 years.

To join APY you need to have a bank account. Do you see, how having a bank account can give you so many benefits? Open a bank account now and also ask others to do the same.

If you join the scheme early, say at the age of 18 years, you will need to pay only 42 rupees every month and when you become 60 years old; you will receive a guaranteed pension of 1000 rupees every month. To join this scheme visit your bank branch or the nearest banking correspondent (bank mitr) centre. When you join the APY, you are making sure that when old age comes you are prepared for it. You do not have to depend on your children for everything as you will receive your own pension money each month. It is important to remember that if you join the scheme early you will need to pay less every month than if you join late. So stop waiting, go to your nearest bank branch today and ask them to join APY.

Module 9 Fraud protection

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. Do you know someone who is a victim?

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.

Types of fraud or scam

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.

MASS MARKETING FRAUD

You receive a fraudulent email that looks like it comes from a legitimate company, asking you to click on a link that brings you to a fake website. To be safe, never invest, donate or make purchases on the phone unless you can validate the company's existence.

INVESTMENT FRAUD

Someone recruits you to invest in a business or to buy merchandise to sell. You are expected to recruit new members. After a while, new people stop joining. That's when the promoters vanish, taking your money with them.

LOTTERY SCAM

"Congratulations! You've won the lottery/sweepstakes/big prize! All you have to do to claim your prize is send a small fee or tax payment." Legitimate contests don't charge fees for you to collect your prize.

CREDIT AND DEBIT CARD FRAUD

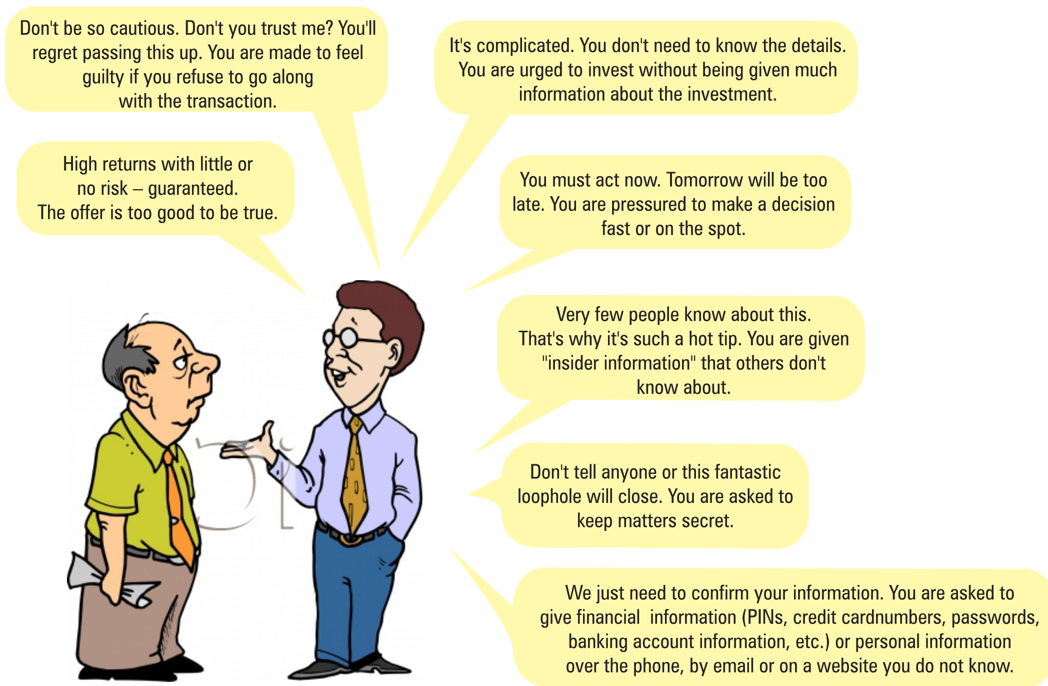
Credit card and debit card fraud happen when someone uses your card, card information or personal identification number (PIN) without your permission. Never share your PIN with anyone.

AFFINITY FRAUD

Fraudsters can win your trust more easily if you're part of a group of people who share a common cause, such as a religious or social organization. Scammers may ask investors to keep the matter quiet.

SPOT FRAUD STOP FRAUD

If you experience any of these red flags, do not participate in the investment. Inform the appropriate authorities and also tell your family and friends about the attempted fraud and warn them to be careful.



ATM (Automated Teller Machine)

Automated Teller Machine provides the customers of banks the facility of accessing their account for financial & non-financial transactions without the need to actually visit their bank branch.

Customers should observe following Do's and Don'ts to keep their transaction safe and secure at ATMs:

Do's

- Conduct any ATM transaction in complete privacy.
- Register mobile number with the card issuing bank for getting alerts for ATM transactions. Any unauthorized card transaction in the account, if observed, should be immediately reported to the card issuing bank.
- Beware of any extra devices attached to the ATMs. These may be put to capture customer's data fraudulently. If any such device is found, inform the security guard / bank entity maintaining it immediately.
- Keep an eye on suspicious movements of people around ATMs. Customer should beware of strangers trying to engaging him/her in conversation or offering assistance / help in operating the ATM.

Don'ts

- Never lend his/her card to anyone.
- Do not write PIN on the card.
- Never share PIN with anyone or seek help from anybody by handing over the card and revealing the PIN.
- Never let anyone see the PIN while it is being entered at the ATM
- Never use a PIN that could be easily guessed. eg. his/her birthday, birthday of spouse or telephone number.
- Never leave card in the ATM.
- Remember that bank officials will never ask for card details or PIN over telephone / email. So, do not respond to any vishing / phishing mails from people indicating that they represent your bank.

The security features in MG Series 2005 banknotes are as under:

See through register:
On the left side of the note next to the watermark window, half the numeral of each denomination (10, 20, 50, 100, 500 and 1000) is printed on the obverse (front) and half on the reverse. The accurate back to back registration makes the numeral appear as one when viewed against light.

Intaglio Printing:
The portrait of Mahatma Gandhi, Reserve Bank seal, Guarantee and promise clause, Ashoka Pillar emblem on the left, RBI's Governor's signature on the bank note and the identification mark for visually impaired persons are printed in intaglio which can be felt by touch.

Security Thread:
The silver coloured machine-readable security thread is windowed on front side and fully embedded on reverse side. The security thread contains the words 'Bharat' in the Devanagari script and 'RBI' appearing alternately.

Fluorescence:
The number panels of the banknotes are printed in fluorescent ink. The banknotes also have dual coloured optical fibres. Both can be seen when the banknotes are exposed to ultra-violet lamp.

Micro letterings:
The letters "RBI" and the numeral "500" can be viewed with the help of a magnifying glass in the zone between the Mahatma Gandhi portrait and the vertical band.

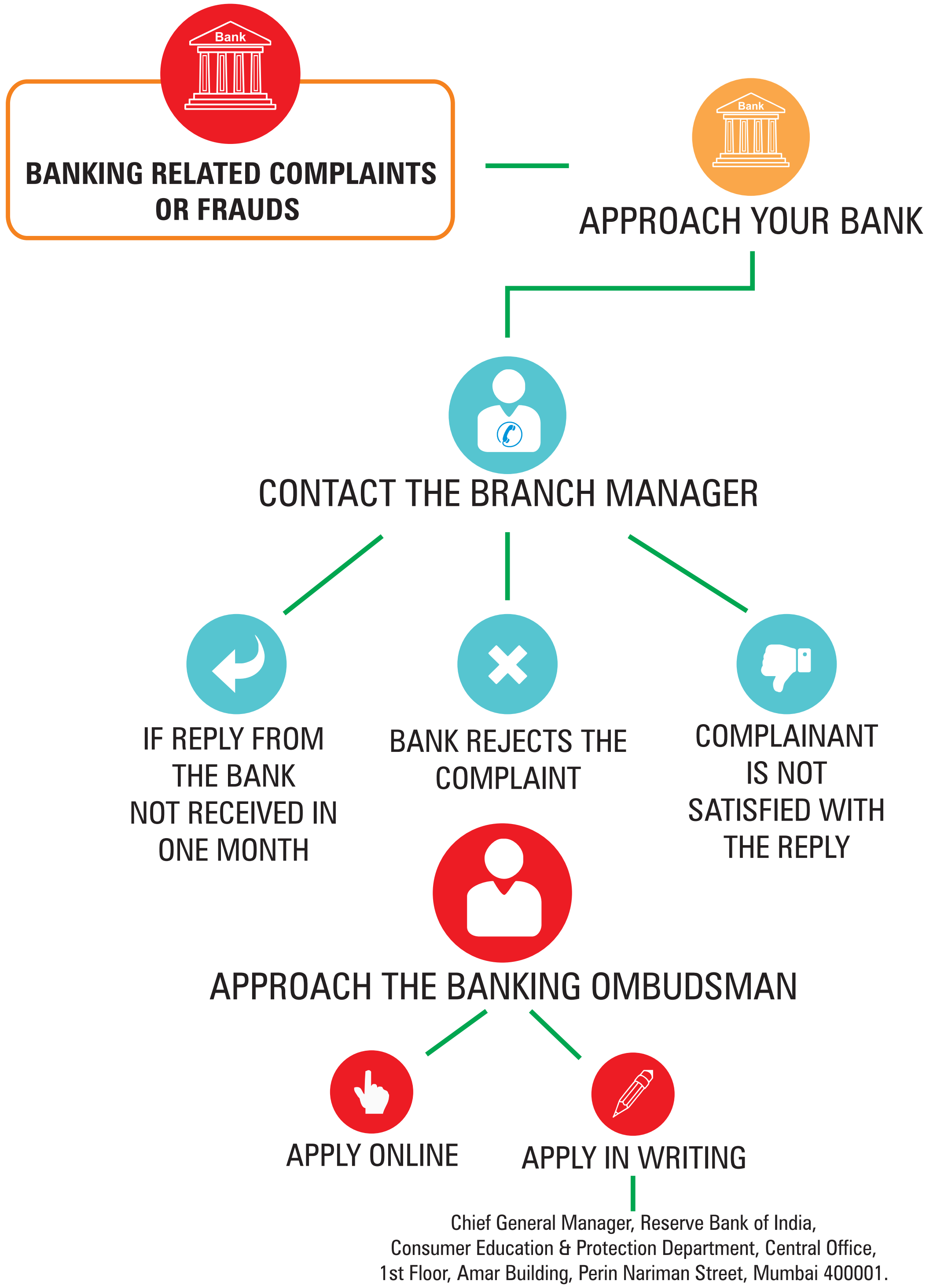
Optically Variable Ink (OVI):
The colour of the numeral "500" appears green when the note is held flat but would change to blue when note is held at an angle. The font size is reduced.

Latent Image:
The vertical band contains latent image showing the numeral "500" when the bank note is held horizontally at eye level.

Watermark:
The portrait of Mahatma Gandhi the multi directional lines and an electrolyte mark showing the denominational numeral "500" appear in this section and these can be viewed better when the bank note is held against light.

Identification mark:
A circle with intaglio print, which can be felt by touch, helps the visually impaired to identify the denomination.

Module 10 Grievance Redressal



The Banking Ombudsman does not charge any fee for filing and resolving customers' complaints.

SECURITIES MARKET RELATED COMPLAINTS OR FRAUDS

APPROACH THE CONCERNED COMPANY

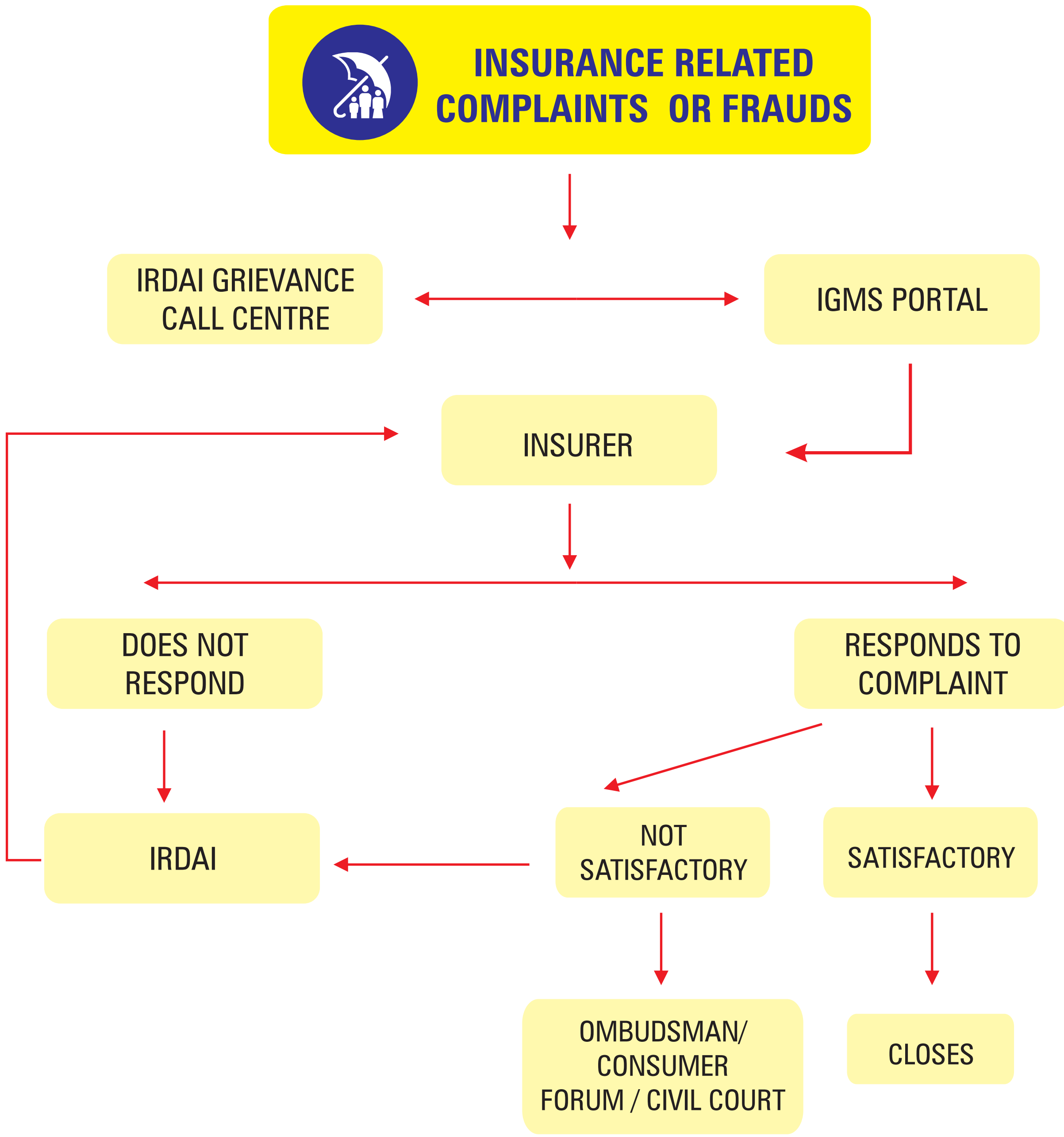
SATISFIED

NOT SATISFIED

APPROACH SEBI

LODGE ONLINE COMPLAINT
http://scores.gov.in/

CALL ON TOLL FREE NUMBER
1800 266 7575 / 1800 22 7575



You can register you complaint online at www.igms.irda.gov.in or can call the toll free number 155255 (or) 1800 4254 732.

PENSION RELATED COMPLAINTS OR FRAUDS → **APPROACH PFRDA**

- APPLY ONLINE
  https://www.cra-nsdl.com/CRA/
- CALL ON TOLL FREE NUMBER
  1-800-2220
- APPLY IN WRITING
  Grievance Redressal Cell, PFRDA, 1st Floor, ICADR Building, Plot No 6, Vasant Kunj, Institutional Area, Phase - II, New Delhi – 110070.

What is Know Your Customer (KYC)?

KYC means "Know Your Customer". It is a process by which banks obtain information about the identity and address of the customers. This process helps to ensure that banks' services are not misused. The KYC procedure is to be completed by the banks while opening accounts and it has to be updated periodically. To open a bank account, one needs to submit a 'proof of identity and proof of address together with a recent photograph. The Government of India has notified six documents as 'Officially Valid Documents (OVDs) for the purpose of producing proof of identity. These six documents are Passport, Driving Licence, Voters' Identity Card, PAN Card, Aadhaar Card issued by UIDAI and NREGA Card. You need to submit any one of these documents as proof of identity. If these documents also contain your address details, then it would be accepted as as 'proof of address'. If the document submitted by you for proof of identity does not contain address details, then you will have to submit another officially valid document which contains address details.

If I do not have any of the documents listed above to show my 'proof of identity', can I still open a bank account?

Yes. You can still open a bank account known as 'Small Account' by submitting your recent photograph and putting your signature or thumb impression in the presence of the bank official. The 'Small Accounts' have certain limitations such as:

- balance in such accounts at any point of time should not exceed Rs.50,000
- total credits in one year should not exceed Rs.1,00,000
- total withdrawal and transfers should not exceed Rs.10,000 in a month.
- foreign remittances cannot be credited to such accounts.

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