



Merchants' Chamber
of Commerce & Industry

Mutual Fund Forum **2018**

Mutual Funds: Securing India's Financial Future



on Friday, 24 August 2018
at Lalit Great Eastern, Kolkata

A Report



The 'MCCI Mutual Fund Forum 2018' was organised with prominent Policymakers and Industry Leaders with an aim to trigger meaningful deliberations on developments and trends in the Mutual Fund Industry. The Forum could also lay down a possible future road map for the Mutual Fund Industry in India.

MCCI organised the **MCCI Mutual Fund Forum 2018** with the theme '**Mutual Funds: Securing India's Financial Future**' on **24 August 2018** at the **Lalit Great Eastern, Kolkata**.



Ramesh Agarwal, President, MCCI delivering the welcome address. Seated (L to R) Souvik Banerjee, DG, MCCI, S. Madhusudan, Regional Director – Eastern Region, SEBI, G. Pradeepkumar, CEO, Union Asset Management Co. Pvt. Ltd., N. S. Venkatesh, CEO, Association of Mutual Funds in India (AMFI), Prem Khatri, Founder & CEO, CAFEMUTUAL, Saugata Chatterjee, Co – Chief Business Officer, Reliance Nippon Life Asset Management Limited, Sasanka Sekhar Nundy, President, Independent Consultants & Advisors Association (ICAA) and Smarajit Mitra, Chairman, Standing Committee on Banking, Finance & Insurance, MCCI

Inaugural Session - 'Indian Mutual Fund Industry: Current Trends, Challenges & Possible Growth Path'

Session Focus:

- Assets Under Management (AUM) as on April 30, 2018 stood at Rs. 23.26 lakh crore. AUM of the Indian MF Industry has grown from Rs. 5.05 trillion as on 31st March 2008 to Rs. 23.26 trillion as on 30th April 2018, more than four and half fold increase in a span of 10 years
- The Industry's AUM had crossed the milestone of Rs. 10 Trillion (Rs. 10 Lakh Crore) for the first time in May 2014 and in a short span of about three years, the AUM size had increased more than two fold and crossed Rs. 20 trillion (Rs. 20 Lakh Crore) for the first time in August 2017
- The Industry AUM stood at Rs. 23.26 Trillion (Rs. 23.26

Lakh Crore) as on 30th April, 2018. The sector is expected to register continued growth momentum and it can be a major force in Securing India's Financial Future

- However, in spite of phenomenal growth of Mutual Fund industry in last decade, there are still some key challenges to the growth of this Sector. Low consumer awareness and trust, limited distribution network restricted to top few centers, lack of innovation in products, lack of investor grievance redressal mechanism system, etc.
- Despite challenges, the Mutual Fund Industry is expected to carry forward its growth momentum through continued growth in financial savings, improvement in penetration of Mutual Funds, expansion beyond top 15 cities and product innovation & technology adoption
- What are the steps that need to be taken to facilitate sustained expedited growth of the Mutual Fund industry?
- What is the role of SEBI and AMFI in the Mutual Fund Industry?

The **Inaugural Session** was addressed by the following speakers:

Welcome Address: **Shri Ramesh Agarwal**, President, MCCI

Shri Sasanka Sekhar Nundy, President, Independent Consultants & Advisors Association (ICAA)

Shri Saugata Chatterjee, Co - Chief Business Officer, Reliance Nippon Life Asset Management Limited.

Shri Prem Khatri, Founder & CEO, CAFEMUTUAL

Shri G. Pradeepkumar, CEO, Union Asset Management Co. Pvt. Ltd.

Shri S. Madhusudanan, Regional Director-Eastern Region, SEBI

Guest of Honour: **Shri N. S. Venkatesh**, CEO, Association of Mutual Funds in India (AMFI)

Vote of Thanks: **Shri Smarajit Mitra**, Chairman, Standing Committee on Banking, Finance & Insurance, MCCI



Ramesh Agarwal, President, MCCI

Shri Ramesh Agarwal, President, MCCI in his welcome address spoke about the Rs. 23.06 trillion Mutual Fund market in India as on 31st July 2018. He mentioned about 'Mutual Funds Sahi Hai' campaign, based on SEBI's initiative to provide awareness. He spoke about the lack of healthy participation beyond the top 15 locations.

India lags most major nations in terms of AUM of Mutual Funds, as a percentage of Gross Domestic Product (GDP). In India, with 42 Mutual Fund houses managing assets to the tune of over Rs. 23 lac crore, the asset base of Mutual Funds as a percent of GDP is just 11 p.c. while the world average is 62 p.c. It is true that Mutual Funds have not yet been able to gain a significant share of investors' wallet mainly due to lack of financial awareness among a major segment of the population. Moreover, there is a lack of healthy participation from investors beyond the Top 15 locations. As per recent statistics, more than 80 p.c. of the Mutual Fund industry

AUM comes from the top 15 cities.

SEBI has taken a proactive regulatory stance to ensure that the industry grows in a sustainable manner. The regulations have been nuanced in the way that it brings more transparency and disclosure from the Mutual Fund houses and benefits the investors. The successful 'mutual funds sahi hai' campaign was based on SEBI's initiative to provide awareness.

Going forward, there is no doubt that technology will play the most important role in increasing the size of the Mutual Fund industry. Many experts believe that Mutual Fund operations are moving toward total technology dependence.

By 2021, 64 p.c. of India's total population will be in the working age group. Millenials are the largest and fastest growing adult segment across the world and they represent the greatest opportunity for the asset management industry.

86 p.c. of the AUM of Mutual Funds is concentrated in 8 states and Union Territories. Maharashtra leads the pack, followed by Delhi, Karnataka and Gujarat.



Sasanka Sekhar Nundy, President, Independent Consultants & Advisors Association (ICAA)

Shri Sasanka Sekhar Nundy, President, Independent Consultants & Advisors Association (ICAA) said that the Mutual Fund industry is at a critical juncture and financial inclusion has just started. It is our joint responsibility to take the industry to the public and make them partners.

The role of all stakeholders is defined. If we do our work, then the country will not have to rely on foreign capital for the Nation's growth. When this happens, we can proudly say that we are financially independent.

There will be issues and areas of disagreement in an industry as large as the Mutual Fund industry. All stakeholders can voice their opinion. Disagreements need to be resolved. The objective of this Session is to brainstorm

ideas so that people benefit.

Much earlier, there was only UTI in the field, fixed income products were popular and penetration of mutual funds was minuscule. Then, came the boom in equity products. However, we still have to transform from being savers to becoming investors which will be possible with the participation of all.



Saugata Chatterjee, Co – Chief Business Officer, Reliance Nippon Life Asset Management Limited

Shri Saugata Chatterjee, Co - Chief Business Officer, Reliance Nippon Life Asset Management Limited said that the Government has brought in enablers which have allowed wealth creation. Assets in the Mutual Fund industry have grown multifold and the industry will grow by leaps and bounds. The Mutual Fund industry currently has an AUM of Rs 24 lac crore with an investor base of 2 crore people holding about 7.5 crore folios at present. In recent times, equity has been the biggest growth driver of the industry.

The AUM of the industry have grown 2x in the last 3 years and almost 5x in the last 10 years. The Mutual Fund industry has enjoyed growth of 30 p.c. per annum in the last two years. It is a high potential for growth industry and if the industry grows at a CAGR of 20 p.c. to 21 p.c., it can acquire an AUM of Rs 100 lac crore in the next 10 years. SIP is a strong enabler for the Mutual Fund industry.

The penetration of the Mutual Fund industry in terms of AUM / GDP is low at only about 10 p.c. in India. In other countries, AUM is 50 p.c. to 100 p.c. of GDP.

The popularity of Mutual Funds is spreading from the top 15 cities to the top 30 cities. However, the growth in the largest 15 cities is higher than the industry growth rates. The rural population has a large proportion of people who are savers but not investors. The industry wants to get on-board as many retail clients as early as possible so that they

may enjoy the bull run in equities.

The factors favouring the Mutual Fund industry are the large population and the sizeable savings. The Mutual Fund industry has to transform from acquiring customers to increasing share of wallet; from just selling products to providing solutions and from dealing with the individual to managing a family's financial health. Investor education and hand-holding the investor in times of market volatility are important.

The Mutual Fund industry needs to leverage the digital medium to expand reach, build efficiency, set high service standard, maintain connect and enhance knowledge. The issue is that everyone is saving in India but can the savings be converted into investment in the Mutual Fund industry?



Prem Khatri, Founder & CEO, CAFEMUTUAL

Shri Prem Khatri, Founder & CEO, CAFEMUTUAL said that if the Mutual Fund industry grows at a CAGR of 17 p.c. then it can reach a size of Rs 50 lac crore in 5 years. In order to get there, the industry needs to do the following:

- Adopt investor education based on consumer insights
- Expand and modernise distribution
- Woo the customer
- Simplify products and never engineer. Currently, Mutual Fund products are overly engineered

In a sense, investing in Mutual Fund is contrary to human nature as it postpones gratification and it is devoid of any sensory or emotional payoff. Also, we are not happy making decisions which make us feel inadequate such as investing in a Mutual Fund. Furthermore, Mutual Fund products are complicated and complex. They offer intangible benefits and provide uncertain outcome.

The current state of investor education is preaching to

the converted with Mutual Funds unfortunately engaging in surrogate advertising. The recommended state of investor education includes a focus on expansion of category, running campaigns for specific segments and building on principles of behavioural finance.

The Mutual Fund industry needs to expand distribution by setting high standards and endowing the profession with prestige. In fact, being a distributor should be a wonderful profession of choice. Distribution can be modernised with a segmentation and niche approach and by shifting from new client acquisition to higher engagement.

This is not the age for mass marketing. Today, everybody has a different requirement. In the US, one mutual fund only sells to dentists who do cosmetic surgery. This is the age of specialisation and we can meet the needs of customers when we specialise. Also, Independent Financial Advisors (IFA) need to be in constant engagement with clients and they must intensively engage with customers.

While wooing the customer, the distributor needs to remember 'different strokes for different folks'. Mutual Fund products need to be simplified. Too many product choices create confusion in the mind of the investor and in fact too many choices baffle and immobilise the buyer. The evidence is mixed on how different categories add value.

Shri Prem Khatri summed up by saying that distributors should build on consumer needs, distribution must become a prestigious profession, different audiences must be attracted with different messages and Mutual Fund products must be simplified and streamlined.



G. Pradeepkumar, CEO, Union Asset Management Co. Pvt. Ltd.

Shri. G. Pradeepkumar, CEO, Union Asset Management Co. Pvt. Ltd. said that asset management companies are lucky to have wealth that is ready to be deployed. In other words, they are at the right place at the right time. The Mutual Fund industry has grown 3x in the last five years, and the

bulk of which has been contributed by the IFA community. No IFA will knowingly mis-sell as they are connected to the community in which they sell.

People invest in Mutual Funds to create wealth and the focus should be on this. The benchmarks are not important; what matters is the end result and whether we are adding value for our customers.

The AUM / Bank Deposits is only 20 p.c. in India but it is as high as 200 p.c. in the US. Similarly, AUM / GDP is only about 12 p.c. in India whereas the average for other countries is about 60 p.c.

Growth will not come from only chasing existing customers. You have to reach out to new investors for which we need more advisors. In fact, we need 5x more distributors than we have today. If we are to go from 1 lac to 5 lac distributors, then we need more women distributors. The vision for the future envisages 40 strong Mutual Funds (instead of the 10 strong Mutual Funds that we have today).

Customer acquisition happens most effectively when you have a human face. Investors need to see a face that they can trust and lean on that person as they are assigning their life's savings. Technology is there to help us.

Ordinary retail clients need help from an advisor. Direct clients, on the other hand are good in the case of sophisticated clients or institutions with skills and in-depth knowledge of the market.

The current expansionary Mutual Fund industry has a lot to offer to everyone. There is room for every Asset Management Company (AMC) and for every distributor to grow. SEBI has said that it will promote a level playing field. However, the market will be volatile.

If the distributor takes care of his customer, then he will have nothing to worry about. Today, there is more goal based selling of Mutual Funds. Nobody is trying to double their corpus in a short period which is a healthy sign.

It is important to draw conclusions from the past. The Mutual Fund industry grew 500 p.c. between 2003 and 2008 but growth dropped to only 50 p.c. between 2008 and 2013. Therefore, we should not take things for granted. The future will be fabulous if we handle things right.

Shri S. Madhusudanan, Regional Director-Eastern Region, SEBI spoke about the four pillars of Mutual Fund Regulations, namely, Separation of Ownership & Management; True & Fair Information to Investors; Risk Mitigation & Investment restrictions and Fair Valuation to



S. Madhusudan, Regional Director – Eastern Region, SEBI

maintain Market Integrity. In case of conflicting Investor interest and Advisor interest, the latter should be aligned with the former. There is a huge demand for Mutual Funds in smaller towns, people are convinced about investing and adequate infrastructure should be created. Investors should stay away from short term gains.

Today, total AUM in the Mutual Fund industry stands at Rs 24 lac crore, which is expected to reach Rs. 50 lac crore in the next 5 years. One driver of growth is industry friendly measures which were pushed by SEBI. The AUM of Mutual Fund industry is 11 p.c. of GDP in India. In the US, AUM of Mutual Fund industry is 62 p.c. of GDP.

Major developments and Investor Protection Measures adopted by SEBI include the following:

A) One-time KYC for investing in mutual funds.

B) Classification of mutual funds into five schemes: Equity Schemes, Debt Schemes, Hybrid Schemes, Solution Oriented Schemes and Other Schemes.

C) Product labelling of Mutual Funds as under:

Low - principal at low risk; Moderately Low - principal at moderately low risk; Moderate - principal at moderate risk; Moderately High - principal at moderately high risk and High - principal at high risk.

The above mentioned labels are represented on a 'Riskometer' depicting level of risk in any specific scheme.

D) Separate Scheme Information Document (SID) / Key Information Memorandum (KIM) for each mutual fund scheme available on the website of mutual fund / its AMC.

E) Mutual funds to provide following additional disclosures in offer document:

- Tenure for which fund manager has been managing

the scheme

- Scheme's portfolio holdings
- Expense ratio in case of certain schemes
- Scheme's portfolio turnover ratio

F) Investment in MFs through e-Wallets up to Rs. 50,000/- per MF per investor per financial year.

G) Cash transactions in MFs up to Rs. 50,000/- per investor, per MF, per financial year to enable small investors to invest in market.

H) MFs to issue Consolidated Account Statement (CAS) to investors, which will contain total purchase value / cost of investment in each scheme.

I) Instant Access Facility to facilitate credit of redemption proceeds in bank account of investor on same day of redemption request.

J) Each mutual fund to have a dashboard on its website providing performance and other key disclosures pertaining to each scheme managed by AMC.



N. S. Venkatesh, CEO, Association of Mutual Funds in India (AMFI)

Shri N. S. Venkatesh, CEO, Association of Mutual Funds in India (AMFI) said that total AUM with the industry was only Rs 46,000 crore in 1993, so the industry has grown about 50x in the last 25 years!

In order to reach the AUM of Rs. 50 lakh cr. from the current level of Rs. 24 lakh cr. in 5 years, there needs to be widening and deepening of the distributor base, particularly reaching out to Tier II & Tier III cities. Currently there are only 1 lac distributors, which should be increased to 5 lac, who would bring in investors from the smaller cities for wealth creation. If there are more distributors in small towns then they will channelize savings from small town /

rural people and create wealth in these towns. This would lead to a broader and deeper market.

Today, there are only about 10 strong AMCs and these ten contribute to as much as 80 p.c. of business. We need more strong AMCs which would lead to greater competition and diversification.

Markets will be volatile. We are integrated with the world economy so overseas events will impact the market. A volatile market shows that it has life and the market keeps trying to reach new heights.

AMFI has a huge role in creating investor awareness. A differentiated strategy may be used to get new investors and technology may be used to increase the sphere of influence and also reduce costs. A Vision Document has been released for reaching Rs. 100 lac crore mark by 2025.

We are celebrating 25 years of private sector presence in Mutual Funds from 1993 to 2018. Mutual Funds started in India in 1964 with UTI and Kothari Pioneer was the first private sector Mutual Fund in 1993.

We have only 1 lac agents / distributors in India today. Investors have found solutions due to the physical contact that distributors are making with investors. Distributors are today concentrated in a few cities and the Top 10 cities provide 60 p.c. to 70 p.c. of total AUM.

Today, there are 29 crore holders of PAN card and only 2 crore investors in Mutual Funds with about 7.5 crore folios. Therefore, there is scope for the Mutual Fund market to be broader and deeper. Customer acquisition is the key and there are a lot of opportunities even at the bottom of the pyramid. The distributor is the friend of the investor and the former will create wealth for the latter.

The Mutual Fund industry is today attracting about Rs. 7,000 crore each month through SIPs. This inflow mitigates volatility due to withdrawals by Foreign Institutional Investors (FIIs). 90 p.c. of returns come from asset allocation and only 10 p.c. from timing. In SIP, there is no timing. The formalisation of the economy is taking place post demonetisation due to which investors are shifting from physical assets (gold and real estate) to financial assets such as Mutual Funds. 90 p.c. of inflow from SIP is going into the equity market.

The key is the **investor protection** provided by SEBI which has allowed the market to grow to Rs. 23 lac crore. The disclosures are of a world class standard and the interest of the investor is at the forefront. If investor rights are protected

then the industry will grow. AMFI is trying to educate investors through its 'Mutual Funds sahi hai' campaign. SEBI has adopted a nuanced approach to implementing regulation so that the industry is not disturbed. Investor protection has allowed the market to grow as there are no major scams in this regulated market.

The longer an investor stays in the market, the higher the returns. Retail investors tend to enter the market at a late stage in the bull run.

Several tailwinds have supported the Mutual Fund industry in the recent past. These tailwinds include stable macroeconomics, Jan Dhan – Aadhaar – Mobile set-up and demonetisation which led to a massive shift in liquidity to banks. Banks dropped their deposit rates in response which caused the public to shift funds from banks to Mutual Funds.

The average age of an Indian will be about 20 to 25 years by 2020 and there will be a golden run for Mutual Funds for 30 years. This generation will create wealth for their retirement. Hence, distributors must 'catch them young'. AMFI is increasing its activities in Tier 2 cities. It is also participating in Investor Awareness Programmes with SEBI, including in the East and North East India. AMFI would like to adopt potential investors by on-boarding them by getting a KYC done for them after which the distributor can convert them. AMFI aspires for total Mutual Fund AUM of Rs. 100 lac crore by 2025.

The session ended with a hearty vote of thanks offered by **Shri Smarajit Mitra**, Chairman, Standing Committee on Banking, Finance & Insurance, MCCI.



Smarajit Mitra, Chairman, Standing Committee on Banking, Finance & Insurance, MCCI



The speakers at the first session (L to R) Saurabh Arora, Head – Digital Sales & Alliances, Aditya Birla Sun Life Asset Management Co. Ltd., V. Ramesh, MD & CEO, MF Utilities India Pvt. Ltd., Tanwir Alam, Founder & CEO, Fincart, Lakshmi Iyer, CIO – Fixed Income & Head – Products, Kotak Mahindra Asset Management Co. Ltd. and Madhu Sudhan, Head – Digital Business, Motilal Oswal Asset Management Co. Ltd.

Session I - 'Technology & Digitisation: Possible Impact on Asset Management Industry'.

Session Focus:

- How will digital impact the retail business and operating model of asset managers and what are the opportunities to further differentiate in this new growth environment?
- What impact will FinTech and Robo-advisory firms have on the industry? Will it create more opportunities or threats?
- How can analytics provide key differentiating factors in serving investors with a proactive up-front approach with targeted investment ideas and help the industry in product innovation?
- How will digitization facilitate the Mutual Fund Industry going beyond B-15 cities?
- What is the next big step to leverage technology for hastening the Financial Inclusion drive?

The **First Session** was addressed by the following speakers:

Speaker & Moderator: **Shri Tanwir Alam**, Founder & CEO, Fincart

Panellists:

Shri V. Ramesh, MD & CEO, MF Utilities India Pvt. Ltd.

Smt. Lakshmi Iyer, CIO-Fixed Income & Head-Products, Kotak Mahindra Asset Management Co. Ltd.

Shri Madhu Sudhan, Head – Digital Business, Motilal Oswal Asset Management Co. Ltd.

Shri Saurabh Arora, Head – Digital Sales & Alliances, Aditya Birla Sunlife Asset Management Co. Ltd.



V. Ramesh, MD & CEO, MF Utilities India Pvt. Ltd.

Shri V. Ramesh, MD & CEO, MF Utilities India Pvt. Ltd. said that MF Utility was set up as an enabler to conveniently

execute a transaction. In ecommerce, the relationship with the customer is transactional in nature. On the other hand, in the Mutual Fund business, the distributor has a relationship with a customer for good. There are lessons from ecommerce for the Mutual Fund industry but the two are not similar.

Shri V. Ramesh said that many investors after opening their Mutual Fund account will invest digitally at any time. Thus, convenience for investing is being built in. In a short period of time, it is estimated that 96 p.c. of investments will become paperless. Furthermore, if you update your account details in a central repository, the change will be reflected in all your folios. Also, technology is enabling people in remote areas to invest.

Shri Ramesh said that a ready-made customer who has done cKYC is available with Paytm. With regard to Mutual Funds operating on WhatsApp, Shri Ramesh said that execution will be easy. However, some Mutual Funds will agree to doing business on WhatsApp while others will not agree as there may be a fear of fraud. In the end, the convenience of WhatsApp will mean that less time will be spent on operations and more time can be dedicated for other matters.



Saurabh Arora, Head – Digital Sales & Alliances, Aditya Birla Sun Life Asset Management Co. Ltd.

Shri Saurabh Arora, Head – Digital Sales & Alliances, Aditya Birla Sun Life Asset Management Co. Ltd. said that ecommerce and telecom have proven that more customers is better. Similarly, the earning of a distributor is greater from a larger AUM.

A distributor has to advise customers like a doctor has to advise patients. The advice of a financial distributor may be more important than a doctor's advice as the advice of the former impacts future generations. In other words, the distributor must ensure the financial well-being of the customer. Ecommerce and technology must ensure that transactions are taking place in a smooth matter, so that

the financial advisor can spend more time to look after the interests of the client.

Shri Saurabh Arora said that digital distribution is helping add fresh customers. In fact, a large number of folios were added by the industry last year and 50 p.c. of these were added through digital distribution. In other words, customers are being added without spending a lot of time in meeting customers.

In response to a query on whether Paytm is a source of disruption, Shri Saurabh Arora said that Paytm is seen as a big opportunity for acquiring customers in the Mutual Fund business. Hence, the entry of Paytm is positive. According to Shri Arora, it is becoming easier to do KYC in India with only Aadhaar and OTP.



Lakshmi Iyer, CIO – Fixed Income & Head – Products, Kotak Mahindra Asset Management Co. Ltd.

Smt. Lakshmi Iyer, CIO-Fixed Income & Head-Products, Kotak Mahindra Asset Management Co. Ltd. said that China has 120 crore people and 80 crore Internet users. India with a population of 120 crore has 50 crore Internet users. The US has 30 crore people, 80 p.c. of whom use the Internet. The point is that different countries are at different stages of digitisation.

Smt. Lakshmi Iyer said that robot advisory has been in place for many years. But, they have not made money. A smile is of value to a customer and a robot cannot smile. The US has 200 robot advisors. The technology of a robot advisor needs to be managed and robots should be used as a tool.

Smt. Lakshmi Iyer said that 80 p.c. of trades in the US are done through algorithms. It will take some time before algorithm based models come into the market in India. In this regard, artificial intelligence can be a powerful enabler.

Shri Madhu Sudhan, Head – Digital Business, Motilal Oswal Asset Management Co. Ltd. said that digital gives three things, namely scale, reach across the country and it



Madhu Sudhan, Head – Digital Business, Motilal Oswal Asset Management Co. Ltd.

optimises the costs of an organisation over a period of time. A large number of transactions are taking place on UPI. We are at the right stage of the digital curve. We have no option but to adopt digital technology.

Shri Madhu Sudhan said that a robot can acquire a customer with an expense of about Rs. 4,000. A Mutual Fund can earn revenue of Rs. 10,000 to Rs. 11,000 from a customer (under certain assumptions). The Digital medium provides an opportunity to acquire customers through Facebook and other websites. The basics of client acquisition can be easily learnt.



Tanwir Alam, Founder & CEO, Fincart

Shri Tanwir Alam, Founder & CEO, Fincart summed up the Session by saying that technology will help grow the Mutual Fund business. When you acquire a customer, you want to know where the customer will spend time. So, you go to Facebook and WhatsApp.

Shri Alam said that it is possible to acquire customers through the digital medium. He advised all to perform monotonous work with technology and use technology to grow their business by leaps and bounds.



The speakers at the second session (L to R) Purushottam Saraf, Additional GM & Regional Head (East), BSE Ltd., Vipin Bhandari, Zonal Head – Retail Sales & Distribution (East), ICICI Prudential Mutual Fund, Romit Barat, VP & Head – PMS & AIF, Narnolia Financial Advisors Limited, Arjun Chaudhuri, Regional Head – Retail Sales (East), DHFL Pramerica Mutual Fund, Aloke Sasmal, Director, Money Matters and Rajesh Koradia, VP, Independent Consultants & Advisors Association (ICAA)

Session II - East & North East: Possible Role in boosting India's MF Industry'.

Session Focus:

- East & North East of India are still lagging other regions despite having tremendous market potential. What are the key challenges & opportunities? What is the way forward?

The **Second Session** was addressed by the following speakers:

Moderator: **Shri Romit Barat**, VP & Head-PMS & AIF, Narnolia Financial Advisors Limited

Panellists:

Shri Purushottam Saraf, Additional GM & Regional Head (East), BSE Ltd.

Shri Vipin Bhandari, Zonal Head-Retail Sales & Distribution (East), ICICI Prudential Mutual Fund

Shri Arjun Chaudhuri, Regional Head-Retail Sales (East), DHFL Pramerica Mutual Fund

Shri Alope Sasmal, Director, Money Matters

Shri Rajesh Koradia, VP, Independent Consultants & Advisors Association (ICAA)



Purushottam Saraf, Additional GM & Regional Head (East), BSE Ltd.

Shri Purushottam Saraf, Additional GM & Regional Head (East), BSE Ltd. said that everything is done electronically on BSE StAR MF - BSE's Mutual Funds Platform, which is a Mutual Funds aggregator. BSE StAR has done about 1.2 crore orders worth over Rs. 58,000 crore. It is a paperless platform and videos are available for all the processes. FAQs are also available. 12,500 IFAs are registered with BSE StAR MF of whom 2,500 are in Eastern India.

Shri Purushottam Saraf added that today there are 1 lac IFAs and 2,500 IFAs are being added each month.

Shri Saraf stated that many people in the East and North Eastern India do not understand Mutual Funds and the associated technology. Consequently, they are afraid of Mutual Funds.



Vipin Bhandari, Zonal Head – Retail Sales & Distribution (East), ICICI Prudential Mutual Fund

Shri Vipin Bhandari, Zonal Head-Retail Sales & Distribution (East), ICICI Prudential Mutual Fund said that everyone in the industry is promoting that 'mutual funds sahi hai'. Consequently, investors are understanding that Mutual Funds are good for them.

In a later stage, investors will decide on which Mutual Funds are good for them. Mutual Fund distributors are approaching clients for investments in equity. They are informing clients about Mutual Funds in general and not about any company in particular.

In a future campaign, ICICI Prudential Mutual Fund will inform clients that debt instruments are good for investors and they should invest in Debt/ Liquid Funds. In other words, the company will communicate to investors that investing in Mutual Funds is not just about equity investments but includes investments in Debt and Liquid funds.

Shri Vipin Bhandari advised distributors to sell discipline with investments and goals to investors and not sell the returns that investors will make.

Shri Arjun Chaudhuri, Regional Head-Retail Sales (East), DHFL Pramerica Mutual Funds said that if you have faith in the Indian economy, then you should invest in stocks.

The 'Mutual Funds sahi hai' campaign is helping every Mutual Fund. This campaign is an all encompassing educational initiative to educate investors and it is the first stage of customer acquisition.

Out of the total AUM of Rs 23 lac crore with the Indian MF industry on 21 July 2018, about Rs 10 lac crore is from retail investors. This huge amount invested by retail investors indicates that they have accepted Mutual Funds. More and



Arjun Chaudhuri, Regional Head – Retail Sales (East), DHFL Pramerica Mutual Fund

more retail investors are entering the market each month. In fact, about Rs. 7,000 crore (or about USD 1 billion) is being invested through Systematic Investment Plans (SIP), mostly in equity mutual funds each month. Due to the large inflow through SIP, the traditional dependence of the stock market on inflows from Foreign Institutional Investors (FIIs) has sharply reduced.

Shri Arjun Chaudhuri said that Liquid Funds are giving a return of about 7 p.c. per annum and they are eligible for indexation benefit for Long Term Capital Gains taxation purposes after three years. As a result, Liquid Funds face a low incidence of tax.



Rajesh Koradia, VP, Independent Consultants & Advisors Association (ICAA)

Shri Rajesh Koradia, VP, Independent Consultants & Advisors Association (ICAA) said that advisors must set expectations by focussing on the goals of investors. The advisor must educate the investor that it is a gradual journey.

If the expected return is not realised, then investors will be disappointed. Therefore, it is important to moderate unrealistic expectations of investors from the equity market. It is better to tell investors that they will make a little more from equity than debt or Fixed Deposit and that their equity

investment may be volatile. In the end, investors will be happy as they understand the message.



Aloke Sasmal, Director, Money Matters

Shri Aloke Sasmal, Director, Money Matters said that an emerging country should have a P/E ratio of about 16x. The Indian stock market boomed between 2003 and 2007. Subsequently, by 2010, the market settled at the right valuation. We can expect a return from the stock market of the growth rate of GDP plus the inflation rate. So, if we assume the inflation rate to be 6 p.c. and growth rate of GDP to be 9 p.c., then we can expect a return of about 15 p.c. from the stock market.



Romit Barat, VP & Head – PMS & AIF, Narnolia Financial Advisors Limited

Shri Romit Barat, VP & Head-PMS & AIF, Narnolia Financial Advisors Limited summed up the Session. He said that three parameters need to be taken care of in a growing industry such as the Mutual Fund business, namely product, access and literacy.

Shri Barat added that clients want to know how much return they will earn from their investments. Ignorance among investors is a business opportunity. Shri Barat asked financial advisors to create a business plan and ask their clients to be patient.

Key Take Aways

- Despite rapid growth, India lags most major nations in terms of AUM of Mutual Funds, as a percentage of Gross Domestic Product (GDP). In India, with 42 Mutual Fund houses managing assets to the tune of over Rs. 23 lac crore, asset base of Mutual Funds as a percent of GDP is just 11 p.c. while the world average is 62 p.c.

- Mutual Funds have not yet been able to gain a significant share of investors' wallet mainly due to lack of financial awareness among a major segment of the population. Moreover, there is a lack of healthy participation from investors beyond the Top 15 locations. As per recent statistics, more than 80 p.c. of the Mutual Fund industry AUM comes from the top 15 cities.

- Going forward, there is no doubt that technology will play the most important role in increasing the size of the Mutual Fund industry.

- The Government has brought in enablers, such as KYC, which have allowed wealth creation. It is a high potential for growth industry and it can acquire an AUM of Rs. 50 lac crore in 5 years and Rs. 100 lac crore in the next 10 years.

- In order to grow rapidly, the Mutual Fund industry needs to do the following:

- o Adopt investor education based on consumer insights
- o Expand and modernise distribution
- o Woo the customer

- o Simplify products and never engineer. Currently, Mutual Fund products are overly engineered

- The Mutual Fund industry needs to expand distribution by setting high standards and endowing the profession with prestige. Distribution can be modernised with a segmentation and niche approach and by shifting from new client acquisition to higher engagement. This is not the age for mass marketing. Today, everybody has a different requirement.

- Growth will not come from only chasing existing customers. You have to reach out to new investors for which we need more financial advisors. Currently there are only 1 lac distributors, which should be increased to 5 lac, who would bring in investors from the smaller cities for wealth creation.

- Today, there are only 10 strong AMCs. We need about 40 strong AMCs for a vibrant and competitive Mutual Fund industry.

- In the Mutual Fund business, the distributor has a relationship with a customer for good.

- Today, there are about 2 crore Mutual Fund investors. There is a huge potential of channelizing the PAN card holders, 29 crore in number, to create more Mutual Fund

investors.

- SEBI has taken a proactive regulatory stance to ensure that the industry grows in a sustainable manner. The regulations have been nuanced in the way that it brings more transparency and disclosure from the Mutual Fund houses and benefits the investors.

- The key is the investor protection provided by SEBI which has allowed the market to grow to Rs. 23 lac crore. The disclosures are of a world class standard and the interest of the investor is at the forefront. If investor rights are protected then the industry will grow. AMFI is trying to educate investors through its 'Mutual Funds sahi hai' campaign.

- The Mutual Fund industry is today attracting about Rs. 7,000 crore each month through SIPs. This inflow mitigates volatility due to withdrawals by Foreign Institutional Investors (FIIs). The formalisation of the economy is taking place post demonetisation due to which investors are shifting from physical assets (gold and real estate) to financial assets such as Mutual Funds. Due to the large inflow through SIP, the traditional dependence of the stock market on inflows from Foreign Institutional Investors (FIIs) has sharply reduced.

- The advice of a financial distributor may be more important than a doctor's advice as the advice of the former impacts future generations. In other words, the distributor must ensure the financial well-being of the customer.

- Robot advisory has been in place for many years. But, they have not made money. A smile is of value to a customer and a robot cannot smile. The US has about 200 robot advisors. The technology of a robot advisor needs to be managed and robots should be used as a tool.

- Digital gives three things, namely scale, reach across the country and it optimises the costs of an organisation over a period of time.

- If the expected return is not realised, then investors will be disappointed. Therefore, it is important to moderate unrealistic expectations of investors from the equity market. In other words, Distributors should sell discipline with investments and goals to investors and not sell the returns that investors will make.

- Several tailwinds have supported the Mutual Fund industry in the recent past. These tailwinds include stable macroeconomics, Jan Dhan – Aadhaar – Mobile set-up and demonetisation which led to a massive shift in liquidity to banks. Banks dropped their deposit rates in response which caused the public to shift funds from banks to Mutual Funds.

- Three parameters need to be considered in a growing industry such as the Mutual Fund business, namely product, access and literacy.

Report written & compiled by Shri Rajiv Mukerji, Deputy Secretary, MCCI

MFs likely to retain double-digit growth

PRESS TRUST OF INDIA
KOLKATA, 24 AUGUST

Mutual Funds industry body, Association of Mutual Funds of India (AMFI) today remained optimistic about the growth story of the industry and expected that the momentum would remain intact.

Mr Venkatesh was banking on economic policies that was leading to growth in the economy.

The AMFI was also trying to go for greater penetration of its campaign and on ground activities in smaller cities and towns for fresh investors.

Optimistic about double-digit growth

AUGUST 24 /--/ Mutual

Industry body, Association of Mutual Funds of India (AMFI) today remained optimistic about the growth story of the industry and expected that the momentum would remain intact despite interest rates.

All mutual fund industry growth while retail industry grew 10 per cent in the last fiscal year.

সমন্বিত সংবাদদাতা, কোলকাতা:
অগলে পাঁচ সাল মেন্ ম্যুচুঅল ফন্ড বাজার বর্তমান মেন্ 24 লাখ ক্রোড় সেন্ বড়কর 50 লাখ ক্রোড় কা হো জায়েগা। ইসকে লিয়ে বিতরকোঁ কী সংখ্যা বর্তমান কের এক লাখ সেন্ বড়াকর পাঁচ লাখ করনে কী আবশ্যকতা হৈ। যহ বাত এসোসিয়েশন অফ ম্যুচুঅল ফন্ডস ইন ইন্ডিয়া কের সীওআই এনএস বেকটেশ নে মচেন্ট চেম্বর কমিস এন্ড ইন্ডস্ট্রী (এমসীসীআই) দ্বারা আয়োজিত ম্যুচুঅল ফন্ড 2018 মেন্ কহৌ।

এমএফ ইউটিলিটীজ ইন্সটিটিউট রমেশ নে কহা কি নিব্ ক্রোড় সাধে 3 লাখ কোলকাতা, 25 আগস্ট 2018

সমন্বিত সংবাদদাতা, কোলকাতা:
অগলে পাঁচ সাল মেন্ ম্যুচুঅল ফন্ড বাজার বর্তমান মেন্ 24 লাখ ক্রোড় সেন্ বড়কর 50 লাখ ক্রোড় কা হো জায়েগা। ইসকে লিয়ে বিতরকোঁ কী সংখ্যা বর্তমান কের এক লাখ সেন্ বড়াকর পাঁচ লাখ করনে কী আবশ্যকতা হৈ। যহ বাত এসোসিয়েশন অফ ম্যুচুঅল ফন্ডস ইন ইন্ডিয়া কের সীওআই এনএস বেকটেশ নে মচেন্ট চেম্বর কমিস এন্ড ইন্ডস্ট্রী (এমসীসীআই) দ্বারা আয়োজিত ম্যুচুঅল ফন্ড 2018 মেন্ কহৌ।

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আনন্দবাজার পত্রিকা

Anandabazar Patrika Saturday 25 Aug

রুপয়ে মেন্ অচানক গিরাবট অথবা মজবুতী ঠীক নহী: স্টেট বৈত

কোলকাতা, এজেন্সী : ভারতীয় স্টেট বৈত সমূহ আর্থিক সলহাকর ম্যুচুঅল ফন্ড মেন্ অচানক গিরাবট অথবা মজবুতী ঠীক নহী হৈ ইসসে মুদ্রা নেময় বাজার মেন্ উত্ঠর-চড়াব হোতা হৈ। ইন্ডিয়ান চেম্বর অফ কমিস (আইসীসী) কের এক সিম্পোজিয়াম সেন্ ইতর সংবাদদাতাও সেন্ বীত করতে হুয়ে ঘোষ নে কহা কি স্টেট বৈত 5-6 সাহ মেন্ ডলর কের বুলে রুপয়া 64 সেন্ গিরতা হুআ রুপয়ে প্রতি ডলর ৬৪.০০

ঘরেলু উত্পাদ (জীডীপী) বৃদ্ধি কের বারে মেন্ উনহোঁ কহা কি স্টেট বৈত শোধ অনুমান কের মুতাবিক যহলী তিমাহী মেন্ ইসকে 7.7 প্রতিশত অর পুরে বিত বর্ষ কের দীরান 7.5 প্রতিশত রহনে কা অনুমান হৈ। সার্বজনিক ক্লেত্র কের বৈতকোঁ পর রিজর্ব বৈত অর সরকার কের বৈতকোঁ নিয়ন্ত্রণ কের বারে মেন্ পুরে জানে পর উনহোঁ কহা কি শীর্ষ বৈত কের পাশ উনকে নিয়ন্ত্রণ কের লিয়ে বহুত অধিকার হৈ, সার্বজনিক ক্লেত্র কের বৈতকোঁ কা নিয়ন্ত্রণ

ম্যুচুঅল ফন্ডস বিতরকোঁ কী সংখ্যা বড়ানী হোয়ী :



এন. সী. বেকটেশ নে মচেন্ট চেম্বর (এমসীসীআই) দ্বারা আয়োজিত এমসীসী ফন্ড ফোরাম 2018 কের কার্যক্রম 'ম্যুচুঅল ফন্ড ফোরাম 2018 কের কার্যক্রম' কের আর্থিক ভবিষ্য কী সুরক্ষিত করনে' করতে হুয়ে কহৌ। উনহোঁ কহা কি বর্তমান লাখ বিতরক হৈ জিনকী সংখ্যা কী বড়াব করনা হোতা। কার্যক্রম কের উদ্ঘাটন সেন্ কী ক্লেত্রিয় নিবেশক এন. মধুসূদন, মেনেজমেন্ট কের প্রা. লি. কের সীওআই

কোলকাতা, শনিবার
25.08.2018

প্রভাত খবর

2025 তক ম্যুচুঅল ফন্ড বিতরকোঁ কী সংখ্যা পাঁচ লাখ করনে কা লক্ষ্য : এনএস

এমসীসীআই ম্যুচুঅল ফন্ড ফোরাম 2018 কা আয়োজন

কোলকাতা, 1964 মেন্ দেশ মেন্ ম্যুচুঅল ফন্ড ইন্ডস্ট্রী কী শুরুআত হুই থী। 50 বর্ষ বাদ 2014 তক ম্যুচুঅল ফন্ড কার্যবাহার মেন্ দেশ মেন্ মাত্র 10 লাখ বিতরক হৈ। ইসকে লিয়ে বিতরকোঁ কী সংখ্যা বড়াব করনে কা লক্ষ্য হৈ।

কিস তেজী সেন্ বিকাশ কর রাহা হৈ। মেরা বেকটেশ নে কহা কি এক মজবুতী কী লেবর চল কারণ দেশ কী বৈতকোঁ সেন্ হী এসা হৈ। ইসকে লিয়ে বিতরকোঁ কী সংখ্যা বড়াব করনে কা লক্ষ্য হৈ।

অর নহী। পিছলে বিতরক বর্ষ 2017-18 কের দীরান ম্যুচুঅল ফন্ড ইন্ডস্ট্রী কা গ্রোথ 17 প্রতিশত রাহা হৈ। লেকিন রিটল মেন্ যহ 34 প্রতিশত বড়তরী দর্জ কোলকাতা কের সন্দর্ভ মেন্ বোলত হৈনে কহা কি ম্যুচুঅল ফন্ড কোলকাতা মেন্ প্রী কাপী তেজী সেন্ লোগোঁ কা রুশান ইসস হী জেসে ছোট শহরোঁ ক অধিবাসন চালানি জাহা তক নর্থ-ইস্ট তে অসম কী ছোড় রাজ্য কের লোগ হুই হৈ। সেন্ কী অর্থ-ইস্ট কের রাজ্যোঁ

छपते छपते

শনিবার, 25 আগস্ট 2018

ম্যুচুঅল ইন্ডস্ট্রী কা ভবিষ্য বেহতর



কোলকাতা। এন এস বেকটেশ নে কহা কি ভারতীয় ম্যুচুঅল উদ্যোগ কা ভবিষ্য বেহতর হৈ। টীয-2 এন্ টীয-3 মহানগরোঁ মেন্ যহ উদ্যোগ কাপী বড়াবাহী হৈ। মহানগরোঁ কের লগমগ 29 ক্রোড় নিবেশকোঁ নে নিবেশ কহা হৈ। এমসীসীআই কী অর সেন্ আয়োজিত পরিচর্যা মেন্ উনহোঁ কহা কি তকনীকী বিকাশ কের কারণ নয়ে-নয়ে নিবেশক নিবেশ কর রে। এমসীসীআই কের সীওআই এনএস বেকটেশ নে কহা কি অধিক সেন্ অধিক নিবেশকোঁ কের লিয়ে

ছড়ানো বিনিয়োগে নিরাপদ সঞ্চয়

নিজস্ব সংবাদদাতা

লগির কেরে সময় গুরুত্বপূর্ণ হলে সঠিক ভাবে ছড়িয়ে ছিটিয়ে লগির মিউচুয়াল ফান্ডের ঝুঁকি কমান বৈত দাবি আসোসিয়েশন অব মিউচুয়াল ফান্ডস ইন ইন্ডিয়া (আমফি) শুক্রবার মার্কেটস চেম্বরের মিউচুয়াল ফান্ড (ফান্ডামে আমফির সিইও এনএস বেকটেশ জানান, এই সূত্র মে অর্থপত্র নির্ভর মিউচুয়াল ফান্ড আরও বেশি লগির জন্য সাধারণ মানুষকে পরামর্শ দেবেন তাঁরা।

আমফির সমীক্ষা বলছে, দেশে মিউচুয়াল ফান্ডে লগির ৯০০ শতাংশই যায় ইকুইটি নির্ভর ফান্ডে। যদিও সংশ্লিষ্ট মহলের মতে, শেয়ার বাজারের ঝুঁকির জন্য এখন আমজনতার বড় অংশ এই ধরনের লগির থেকে বিন্ধু। দেশের ২৯ কোটি পান কার্ড গ্রাহকের মধ্যে মাত্র ১ কোটি মিউচুয়াল ফান্ডে লগির করেছেন। বেকটেশের কথায়, "অর্থপত্র নির্ভর ফান্ডে ঝুঁকি কম। লগিরকারী কী ভাবে ইকুইটি ঝুঁকিপূর্ণ হুইয়ে ছিটিয়ে লগির করবেন সেটাই আসল।" লগির এই কৌশল নিয়ে সেপ্টেম্বর থেকে প্রচার শুরু করবে আমফি।

বাজার বিশেষজ্ঞদের বক্তব্য মূলত মিউচুয়াল ফান্ডের উপর নির্ভর করেই শেয়ার বাজার বাড়ছে। ২০০৮ সালে এই খাতে মূলধনের অঙ্ক ছিল ৫ লক্ষ কোটি টাকা। ২০১৮ সালে তা বেড়ে ২০.২৬ লক্ষ কোটি হয়েছে। তবে অনেকেই আশঙ্কা শেয়ার বাজারের ফানুস অচিরেই কিছুটা চূপসে যেতে পারে। সেই আশঙ্কা উড়িয়ে বেকটেশের দাবি, অর্থনীতির অবস্থা ভাল। মিউচুয়াল ফান্ডও নীচেরোপে লাভজনকই হবে। তবে মাঝে মাঝে বাজারে সংশোধনও স্বাভাবিক।





Merchants' Chamber of Commerce & Industry

15-B, Hemanta Basu Sarani, Kolkata - 700 001

Phone : +91 33 2248 6329 / 1502 / 3123, +91 33 2662 5070-74

Fax : +91 33 2248 8657 | E-mail : mcciorg@mcciorg.com

Website : www.mcciorg.com

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