



## Indian Chamber of Commerce

### Press Release

### **Mutual Funds: Achha Hai...**

### **11<sup>th</sup> ICC MF Summit, 2018**

**Kolkata, 13<sup>th</sup> February, 2018: “Staying invested for the long run is the mantra to benefit. However, it is on part of the distributors to not mis-sell so as to retain investors”– Mr. G Mahalingam, Whole Time Member, SEBI on Mutual Funds**

In the 11<sup>th</sup> Mutual Fund Summit 2018 organized by the **Indian Chamber of Commerce** on 13<sup>th</sup> February, 2018, **Mr. G Mahalingam, Whole Time Member, SEBI on Mutual Funds** stated the scorching growth of the Indian Mutual Funds industry that has shot from INR 10.82 lakh crores as of March 2015 to INR 22.4 lakh crores as of January 31, 2018, thanks to the equity or debt oriented schemes. He felt that the debt-oriented schemes cover more than half of the AUM and are popular. However, more awareness is required in this avenue for retail investors. He felt that the mantra is to stay invested. Although debt funds involve risk, if one can stay invested for the long run, it is beneficial. He mentioned that post the global financial crisis, the whole world is flooded with liquidity. This, along with lower bank deposit rates and booming stock markets, are making marketing of mutual funds relatively easier than before. Mr. Mahalingam also stated that SEBI has recategorized all schemes into 36 broad categories that is good for the industry. He concluded that one hand while investor awareness is important, there should not be any misselling.

**Mr. Hemant Contractor, Chairman, PFRDA on Pension Funds** mentioned of the emergence of pension plans and how it came into existence in India. While earlier, pension was given only off government budget, burdening the government more, voluntary pension schemes were established to tackle this issue and allow for people to contribute themselves for securing their future. He said that only 16-17% of the working population was covered by pension plans, which is not desirable. In fact, In India 70% of the population has been found to continue working beyond retirement age. But this is not out of choice but out of compulsion, as they realize that they haven't saved much. So, pension plans are the answer to all such troubles is what he felt. Adding to this he said that some kind of choice should be given to people while making decisions for their pension plans. He felt, particularly for the informal sector to participate, the schemes should be well regulated and that is where the role of PFRDA comes in. He believes there should be parity in the

taxation system of the various pension plans and provident fund schemes, so that people have easier choices. He also said that beside regulations, appointment of professional fund managers is of utmost importance.

**Mr. N S Venkatesh, CEO, AMFI** was of the opinion that the growth of Mutual Funds has been impressive. He stated that the number of folios currently stand at 6.38 crores. However, the investible statistics at the household level is around 35n crores, implying the industry stands at 1/6<sup>th</sup>. Thus, Mutual funds have a long way to traverse. He opined that not just investor awareness but investor assurance is of huge significance to retain them. He concluded that both penetration (for new investors) and deepening (for existing investors) is the need of the hour.

**Mr Sunil Subramaniam, CEO, Sundaram Asset Management Company Limited** stated that the mutual fund entities should adopt three strategies, namely competency building, effective communication and collaboration. He felt that a product has to be bought after proper planning as to what value it will generate.

**Mr Sanjay Sapre, President, Franklin Templeton Asset Management India Private Limited** mentioned how SIPs have been playing a massive role in boosting the industry. He pointed out things that will help investors stay invested and gain out of it. The are— Invest-don't trade or speculate, buy low, buy value, do your homework or hire wise experts to help you, don't panic, and don't be fearful or negative too often.

**Mr. Gaurav Jalan, Co-Founder, Blue Mountain Holdings** mentioned how technology and innovation can play an important role in the industry. He pointed out that the younger generation tend to spend more and save less and this behavioral change needs to happen. It is also important for the industry players to develop attractive products to hook these millennials to save.

**Dr. Rajeev Singh, Director General, ICC** in his welcome address stated that financial inclusion and Digital India mission are shaping up the future of the Indian economy. As a result, individuals are now more concerned about diversifying their investment portfolios. He felt that there is a lot of untapped potential for the Mutual Funds industry to tap. He stated the ICC initiatives in the east and north-eastern states of India, where the chamber has been working with rural investors.

**Mr Arun Laddha, Member BFSI Committee ICC and Director, J.R.Laddha Financial Services (P) Ltd** delivered the formal vote of thanks.

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