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Chief Executive Officer

As we enter the new financial year, lots of expectations are getting built for the path ahead. This in fact is starting from the forthcoming General Election outcome, increase in flows into India from abroad, weak macro economic indicators paving way for interest rate cut, so on and so forth. In the global economy too, concerns of global slowdown led by US economy is witnessing lower job growth and hence a pause on interest rate hike augurs well for emerging markets. While these assumptions would keep influencing investment decision both globally and locally, domestic factors would obviously have a higher bearing in driving the sentiment and the investment world.

The two most powerful reforms, GST and Indian Bankruptcy Code (IBC) are beginning to yield results and are driving the Indian economy to the next level. GST in a sense is a new regime in the indirect tax world. A single tax structure is prevalent across the country in the western world and now is a reality in India too. The power of the single tax structure is very high as it can be of substantial help to our fiscal consolidation. In the last two years, the Government and the GST Council have taken lots of course correction measures which has led to further improvement. Given the current market sentiments, there could be a higher probability of current government getting re-elected. I am sure higher focus would be on this powerful reform in order to get the monthly collection go up significantly. I would also assume that the collection will go up once the vendor stops asking the consumer, “Should I give a bill or without the Bill?” for the supply of goods or services! Obviously, consumers and citizens of this country play a vital role in making GST a grand success apart from the government push.

Coming to IBC, this is an amazing resolution platform to resolve the banking industry’s bad assets. The IBC resolution process in fact, has given greater comfort to the banking system in general and in particular to both borrowers and lenders around the process involved in the resolution. So far, the top 12 firms were declared as bad for the banking system and were to be resolved under the IBC regime. In fact, all the resolutions involving these 12 firms have been significantly completed. This resolution process, in fact has set a new bench mark in changing the behaviour of the credit market through inducement of fear of loosing the company in case they default. It appears that it is going to be the new normal in the financial market thereby making the Indian banking system bolder in undertaking lending activities.

With respect to the mutual fund Industry, the saga of Indian mutual fund industry has come a long way from its humble beginning since the past 25 years. Invariably, every year has been a year of great learning in both positive and challenging ways. Over the years, the industry has not only grown but also has made suitable changes with the continuous guidance of SEBI. While I agree, that the current mandates may hit the revenue model but given the large opportunity that still persists, there is enough scope to maximize revenue at every stake holder level in the industry. Having said that, I must also mention that the scope and the untapped potential in India is still very huge. Indian mutual fund Industry is just 18% (Source: RBI) of the overall banking deposit base. Ultimately, the larger success of the partners would be mainly driven by 2 parameters namely, adding new customers and maintaining asset mix – equity & debt. Currently, less than 2% (Source: AMFI) of the total Indian population invests in mutual funds. Hence acquiring new customers is the key to ensure that advisors maintain or increase their current level of revenues. Secondly, Of the total 120 lakh crores of banking deposit base, 60% or 70 lakh crores of the deposit base lies in fixed deposits. (Source: RBI) It could be assumed that every customer you may have ever acquired would have invested in FDs with banks. Hence, proposing a fixed Income schemes, to such investors can be a good opportunity for any advisor.

Finally, let me also take this opportunity to thank each one you for your continued association and support in all these years. Incidentally, this year we would also complete 25 years in the Industry, my sincere compliments to all our valued partners and customers who has been a part of this wonderful journey. With regards to this, in order to complement our end customers, we are launching the new avatar of C-SIP facility, offering a benefit and life coverage of up to Rs 50 lakhs without any additional charge. I am sure, this would not only help the existing customers but also would help distributors to on-board new customers in the Industry with a higher average ticket size in order to avail the maximum benefit under this facility. Hope to see a greater year ahead!