

Dear Modiji,

On behalf of KAMFA, The Karnataka Association of Mutual Fund Advisors, I, as the President of the Organisation would like to highlight the issues being faced by the Mutual Fund Distributors.

We are the last mile connectivity for reaching to the Indian Public, the message of Equity and Debt Investments through mutual funds. The current penetration of Equity Investments is around 5% compared to over 50 % in most markets. Over the last few years, our incomes have come down drastically, due to the frequent rule changes stating cost rationalisation and in the interest of investors.

Most recently SEBI, in the name of transparency, has come out with a circular stating that our commissions would be printed on the statements received by investors. No where else in the world has such a rule been adopted by any industry. In the already negligible number of investors existing in the market, such a move would further confuse them and could lead to unhealthy practices in the industry.

This circular, is the most arbitrary and non-consultive step taken by SEBI. This goes completely against the philosophy of your honourable government of Skill India, self employment and Startups. Our Self Respect and Right to Earn a Fair Living has been challenged with this circular. This circular is bound to do more harm than good. It demotivates the distributor and forces him to look for some other occupation which does not demean him and his integrity. The purpose of Investor Protection is lost because the Investors will vanish because of no one available to help and serve him. The Market Volatility and movements will drive the investors away. Of course, since 2009, frequent law changes, lowering of income, and vested interests have driven many distributors away from this sunrise industry.

Mutual Funds are the biggest source of long term funds. As your good self would be aware, when FIIs have pulled out money, mutual funds shored up our stock markets with over Rs. 70,000 crores investments. The current Assets of the Mutual Fund Industry total close to about 12-13 Lac Crores. In the next 5 years there is a potential for the industry to move up beyond Rs.50.00 Lac Crores. This would lend great stability to the markets, help indians to build trust in their own equity markets as also provide huge revenues to the exchequer. With the current set of Rules and Regulations though, that would be impossible.

We Humbly request you to help us to have a fair, consultative and level playing field by ensuring that the arbitrary rules are not passed which act as a demotivator and negate the growth of the industry. We would like to lend a hand to you in nation building and ensuring that the Investing Indian has proper guidance at every step.