



Foundation of Independent Financial Advisors

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 **WealthForum e-zine**  
The voice of India's wealth management industry  
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## FIFA Perspectives

Oct 2015

### Events in Oct 2015

#### **The Current Scenario for IFAs: A threat or an opportunity was held in Kolkata on 13<sup>th</sup> Oct 2015**

Fifa's East chapter organised a conference 'The current scenario for IFAs : A threat or an opportunity' on 13<sup>th</sup> Oct'2015 at Hotel Kennilworth in Kolkata. All FIFA members were invited along with some special invitees. Over 60 IFAs and industry participants attended the event.

The conference started with master of ceremony Bharat Bagla, member FIFA, welcoming all guests. In the keynote speech by Chairman of FIFA, Mr. Dhruv Mehta who flew from Mumbai to address the gathering, highlighted the role of FIFA going back to the circumstances and need because of which FIFA came into existence around 4 years ago.

The event was supported by DSP Blackrock AMC, Motilal AMC and AXIS AMC. Senior executives of all these AMCs attended the event in person and gave insightful thoughts on the industry.

Mr. Ajit Menon from DSP Blackrock AMC spoke about the need to increase transparency in the business which forms the basis of trust between IFAs and clients.

Karan Datta from Axis AMC showed a powerful video on how the Special Forces combat the 26/11 terrorist attack in Mumbai and related the strategies to the IFA business. The audience loved it. His message was simple. No long term strategy works in this business and one must continuously evolve himself. Another idea was to upgrade the thought process into next level to tackle forthcoming issues. He also emphasized the need to embrace technology.

On asked whether RIA (SEBIs Registered Investment Advisor norms) was a threat to IFAs, Dhruv suggested that such norms were ahead of its time in the Indian market place. Most Indian investors are not prepared to pay a fee to their advisors. He remarked that while a few may develop a good business model around it, it is not a big threat in the current scenario for other IFAs. He, though, cautioned IFAs to differentiate their advise from distribution and comply with the regulations.

On an interesting note, when asked about the selection criterion of IFAs who sell their funds, Akhil Chaturvedi from Motilal AMC suggested that they currently work with just around 500 key IFA partners across the country and the key aspect of such IFAs is that they have control over their client. He was of the view that this one factor differentiated the top IFAs vs others. He also suggested IFAs to look into PMS and other alternate investment products rather than just mutual funds to get more wallet share of clients.

Observations and implications of Sumit Bose committee recommendations were discussed. All the panellist believed that the recommendations were too radical and they don't foresee a situation of decreased trail and elimination of trail. They believed, if the recommendations were applied in whole, it will have more dramatic impact on other financial product than mutual fund industry. Though, they did not rule out the possibility that different regulators may take a different stance on the said recommendations.

Brijesh Dalmia, Director FIFA, was the moderator of the panel discussion having Ajit Menon, Karan Datta, Akhil Chaturvedi of Motilal Oswal AMC and Dhruv Mehta, Chairman of FIFA.

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## Events in Oct 2015

The event closed with a stand up comedy act by Vaibhav Sethia and vote of thanks by Abhenav Khettry, member FIFA. A special mention of Mr. Naresh Pachisia, Mr. S.K. Bagaria, President Ask Circle, Kanak Jain and Bhavik Udeshi was made who were special invitees to the event.



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## Events in Oct 2015

### Equity and Debt process and philosophy held in Mumbai on 29<sup>th</sup> October, 2015.

Ms. Sangeeta Jhaveri started the event by welcoming all the guests and introducing the Religare Invesco Team. We started the event with Nitish Sikand and Ravi Vukkadala, Fixed Income team from Religare Invesco explaining about the internal Credit Appraisal Process. They explained how the internal process helps to identify possible upgrade or downgrade of security and help the team to identify suitable security for the portfolios. The internal process includes giving internal ratings for the securities that are analyzed and setting borrowing limit for them. The process was well appreciated by the members through the question and answer round.

Post completion of Fixed Income process, Vetri Subramaniam, CIO at Religare Invesco Mutual Fund took the members through our internal equity process and philosophy. He covered the philosophy of the fund house and how we categorize the stocks into different buckets. Once these stocks are categorized in the buckets, according to fund's mandate, these stocks are picked from the bucket and invested into the portfolio. Each fund has a mandate to follow and it is adhered without any deviation. He also explained the members with an example through one of our funds about the categorization of stocks which can be part of the portfolio.

Mr. Saurabh Nanavati, MD and CEO at Religare Invesco Mutual Fund then talked about our journey since the beginning of AMC and thanked FIFA for giving us an opportunity to present our investment process to all FIFA members.





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## FIFA Perspectives

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From 2.5 cr to 75 crAuM in 10 years: here's your growth mantra

Brijesh Dalmia, Dalmia Advisory, Kolkata



In the 3rd edition of his new video series, Brijesh shares a simple growth model for new IFAs who are aiming high

Don't look at the external environment; focus within. Don't try to see too much out into the future. Set yourself annual growth targets over the next 10 years, and stay focused on achieving your annual plans.

If you want to target scaling up from 2.5 cr to 75 crAuM in 10 years, here's Brijesh's growth mantra for you.



Video URI : <https://www.youtube.com/watch?v=RazZhNQHeis>

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## FIFA Perspectives

Oct 2015

This simple 10 X 10 rule can transform your business

Brijesh Dalmia, Dalmia Advisory, Kolkata



The straight talking Brijesh Dalmia has come up with a new way to communicate his messages to the IFA fraternity: through powerful 1-2 minute videos that contain priceless pearls of wisdom

In this video, Brijesh discusses a simple rule of 10 X 10, which he says has the power to transform your business and help you scale new heights.

Check out this video and decide for yourself whether Brijesh's 10 X 10 rule is worth adopting in your business, if you are not doing so already.



Video URL : <https://youtu.be/okHe0taZMYU>

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## FIFA Perspectives

Oct 2015

### Important message from FIFA to all IFAs

Yogesh Sharma, Director FIFA



Dear fellow IFA Friends,

As per the suggestion of the Hon. Minister of State for Finance, Jayant Sinha, we need to all come together under one platform and make one common representation for the Ministry to take our issues under consideration. This was clearly stated by him in an open forum on a question regarding Service Tax payable by Distributors.

For this to happen, we need to each get across to as many IFAs across the country to either join FIFA or any of the local or IFA Associations which can then come together with FIFA in making a united recommendation to the Finance Ministry as one voice. This is our chance to be finally heard. He was very clear that he will not entertain any views individually of an IFA, Company or an Association but is ready to hear us on an Industry level representation only.

A United Forum has already been established by FIFA with a few other Associations. We now need all other Associations on board at the earliest so that we do not miss out on this opportunity. This is our chance for all of us to come together as one voice.

Sincerely,

Yogesh Sharma

#### Editorial comment



Hearing Mr Jayant Sinha speak at the forum Yogesh refers to, I got a clear impression that he is looking for a crisp, well-reasoned and collective argument on the distributors' stand on service tax. Here are some pointers that you might want to use in drafting your petition. These points intentionally cover only one issue - service tax. It's my experience that best results are obtained when attention is focused sharply on one issue and workable solutions are presented for that issue, rather than putting out a laundry list of multiple issues, none of which may finally get addressed.

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## Important message from FIFA to all IFAs

### Current situation

1. An unintended consequence of service tax introduction on mutual fund commissions this year has been that the service providers are effectively bearing this tax and are not being allowed to pass this on to the consumer of their service. As a consequence, mutual fund distributors are paying 30% income tax on net income as well as 14% service tax on their gross income. This service tax significantly reduces net income of distributors as it erodes margin sizeably.
2. It is settled law that service tax is an indirect tax, which has to be borne by the user of the service. The honourable Delhi High Court has clearly observed, " as explained by the Supreme Court, if the overall objective of the levy were to be taken into consideration, **it is the service which is taxed, and the levy is an indirect one, which necessarily means that the user has to bear it.**" [http://www.taxindiaonline.com/RC2/inside2.php3?filename=bnews\\_detail.php3&newsid=12120](http://www.taxindiaonline.com/RC2/inside2.php3?filename=bnews_detail.php3&newsid=12120)
3. The market regulator (SEBI) is not permitting service tax on distribution commissions to be passed on to the consumer of their services - the investors. Total expenses that can be levied on mutual fund schemes are capped by regulation, and although SEBI has specifically allowed service tax on investment management fees charged by asset management companies to be levied on schemes (ie on investors) over and above the expense cap, it is not permitting similar treatment for service tax on distribution commissions.
4. Since this service tax is collected for administrative convenience through the reverse charge mechanism, over 80% of registered mutual fund distributors, who earn less than Rs.10 lakhs per annum as commissions, and who would otherwise be exempt from service tax, are also bearing this 14% tax on their income, with no ability to pass it on to the consumer.
5. Consumers bear service tax on every other form of financial service including on payment of insurance premia and even bank charges for ATM usage. They bear service tax on management expenses in mutual funds. The only service where the service provider is not being allowed to recover service tax *on services rendered is mutual fund* distribution commissions.

### Remedial measure requested

Ministry of Finance should ask SEBI to adopt a uniform policy of permitting all statutory taxes levied by the Government to be recovered in the manner envisaged in these statutes. Service tax is an indirect tax, and like all indirect taxes, the provider of services is entitled to recover this from the recipient of the service. Not allowing this to happen for mutual fund distribution commissions is inconsistent and discriminatory in nature.

What is sought is not a cancellation of the service tax - only a fair and just mechanism for recovering this tax from the beneficiary of the service. This appeal is therefore revenue neutral from the Government's point of view, and at the same time, will help correct an unintended anomaly that has crept in due to incorrect implementation of the levy



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### Snippets

- Even if I don't reach all my goals, I've gone higher than I would have if I hadn't set any. - Danielle Fotopoulos
- Let us give something to each person we meet: joy, courage, hope, assurance, or philosophy, wisdom, a vision for the future. Let us always give something. -- **Daisaku Ikeda**
- Feeling grateful or appreciative of someone or something in your life actually attracts more of the things that you appreciate and value into your life.
- Stay Inspired with Inspirational Quotes, Poems and Stories. Once in a while. There is more to life than what we are used to see.
- Dream lofty dreams, and as you dream, so you shall become. Your vision is the promise of what you shall one day be; your ideal is the prophecy of what you shall at last unveil. -- **James Allen**

We invite Viewers to register as members. For details and registration forms, please visit FIFA Website: [www.fifaindia.org](http://www.fifaindia.org)

### FIFA welcomes its new members

Oct-15

M Type	Membership	Type	Name of Organisation/ IFA	Representative(s) NAME	CITY
Ordinary	O166	Indv	Escalated Wealth Advisors Pvt Ltd	Soumyajit Ghosh	KOLKATA
Ordinary	O167	Indv	Imperial Wealth Management	Niraj Kakkad	KOLKATA
Ordinary	O168	Indv	Neena V Mehta	Neena V Mehta	KOLKATA
Ordinary	O169	Indv	Ritesh Banka	Ritesh Banka	KOLKATA
Ordinary	O170	Indv	Subhshanti Advisory	Sandeep Chhajer	KOLKATA
Ordinary	O171	N.Indv	Vyana Wealth Management Pvt Ltd	Karnbir Choudhary	KOLKATA
Ordinary	O172	N.Indv	Vision Ahead Services Pvt Ltd	Vikas Tulsyan	KOLKATA
Ordinary	O173	Indv	Udani Consultancy Services	Pratik Udani	KOLKATA
Ordinary	O174	Indv	Jalan Financial Services	Shasank Sekhar Jalan	KOLKATA
Ordinary	O175	Indv	DSA Capital Services	Dipak Jain	KOLKATA
Ordinary	O176	N.Indv	Shevin Securities Pvt Ltd	Vineet Kumar Jain	KOLKATA
Ordinary	O177	Indv	White Owl Consultants	Vikram Khinwasara	KOLKATA
Ordinary	O178	N.Indv	Right Choice Securites Pvt Ltd	Sanjeev Chakraborty	KOLKATA

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