

**Expanding Investor
Education on Managing
Risk Vs. Return in Recent
Market Environment**

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Low Interest Regime

Interest Rate in India

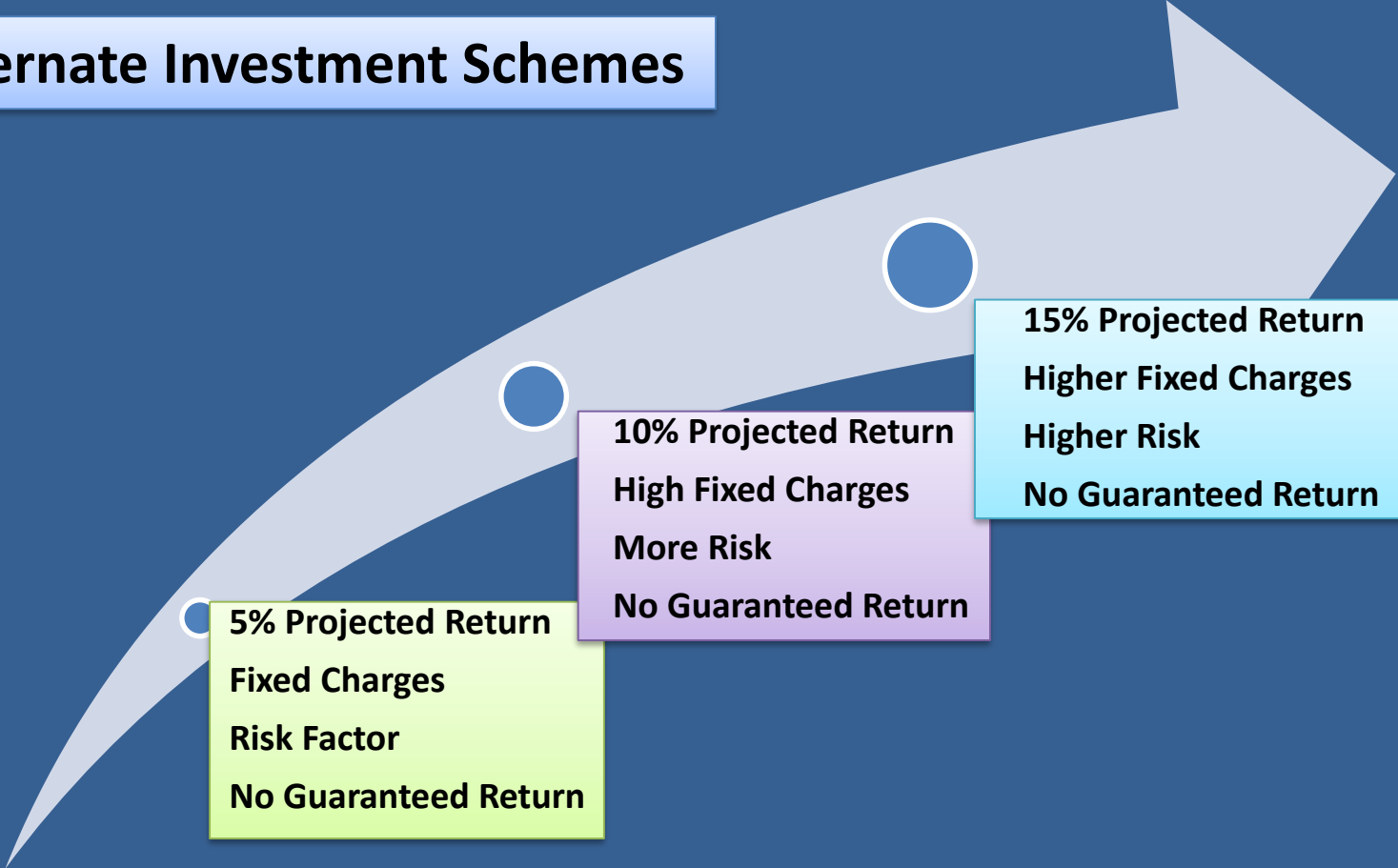


Impact of Declining Interest Rate

Annual Deposit	Maturity Amount @ 5%	Maturity Amount @ 6%	Maturity Amount @ 7%	Maturity Amount @ 8%
100,000 for 30 Years	7.096 M	8.595 M	10.46 M	12.8 M

Emerging Future Trend in Investment

Alternate Investment Schemes



5% Projected Return
Fixed Charges
Risk Factor
No Guaranteed Return

10% Projected Return
High Fixed Charges
More Risk
No Guaranteed Return

15% Projected Return
Higher Fixed Charges
Higher Risk
No Guaranteed Return

Fund Management is purely discretionary to Scheme Manager

Need For Extra Protection

- Reduction in net inflow of old public/ pensioners.
- Imperative to find out source of higher income
- Human Tendency to try for more
- Emergence of Hybrid and complex products
- Distributor Margin Under Pressure
- Propensity to devote low time and efforts in due diligence
- Gullible Investors and Ponzi Schemes
- Mis-selling by organized sector

“What is comfortable may be desirable but rarely profitable”

Gearing up Investor Education

- What is Investor Education?
- How is it to be imparted in a most effective, efficient and economical manner?
- What are the challenges?

“Literacy is a bridge from misery to hope”

About Investor Education

- Investor Education means educating, guiding & spreading awareness among Investors regarding:
 - Rights & Obligations
 - Investor Grievances Redressal Mechanism
 - Informed Decision
 - Product Information

Impartation of Investor Education



Effective

Efficient

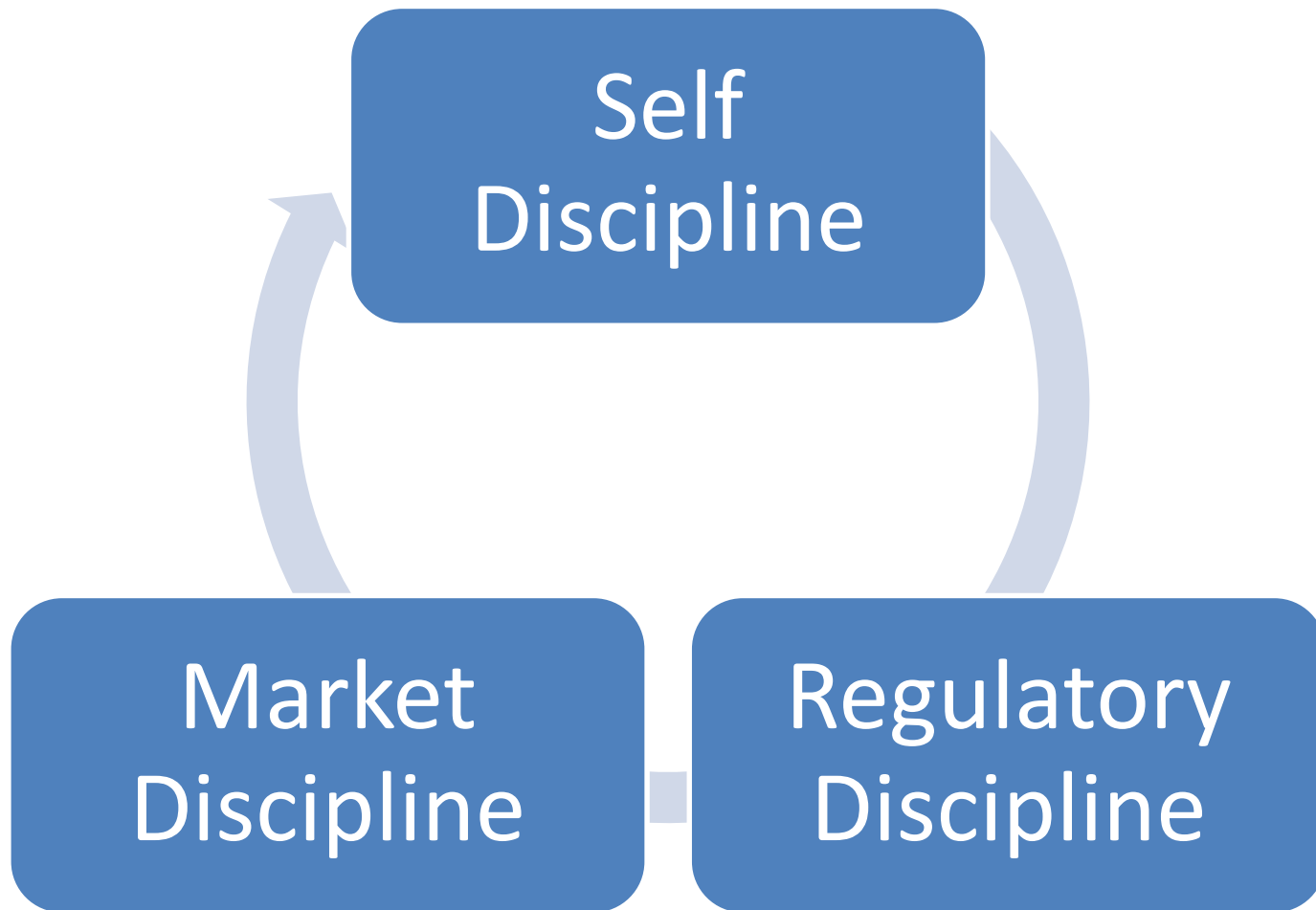
Economical

- ✓ Clarity
- ✓ Short & Simple
- ✓ Relates to general Investor
- ✓ Cover all class of Investors
- ✓ Examples and Facts & Figures
- ✓ Connection & Conviction with audience

Challenges to Investor Education

- Resources
- Supply Push Vs. Demand Push
- Whether informed investor performs better
- Behavior of Financial Market
- Short Term Investment Vs. Long term Investment
- Direct Investment Vs. Mutual Funds
- Role of Wealth Managers
- Level Playing fields across all investment class.

Key Pillars of Investor Protection



Self Discipline

- Poor corporate Governance
- Unethical Conduct
- Lack of Transparency
- Poor Disclosure
- Greed & Fear

Regulatory Discipline

- Inadequate Oversight
- Regulatory gaps
- Inadequate education
- Structural impediments

Market Discipline

- Information Asymmetric
- Education & Awareness
- Failure of gatekeepers
- Conflict issues – role of watchdog

Extra tools for Investor Protection



Charter of Investor Rights:

Fairness

Transparency

Suitability

Privacy

Grievances
redressal

Obligation on Market Intermediaries

Pre Sale

- Know your Client requirement
- Ensure Product suitability
- Product & Risk Disclosure
- Advertising Guidelines
- Competent representatives
- Conflict of Interest

Point of Sale

- Disclosure
- Product Suitability
- Sales Practice

Post Sale

- Continuous disclosure
- Prompt Service

Obligation on Investors

- Do's and Don'ts which Investor is expected to follow
- Timely & frequently settlement of accounts
- Tracking unauthorized trades
- Let not greed make you an easy prey
- Beware of the grey market
- Hearsays or tips are not the best way of investment
- There is nothing like assured return

Expectations from Regulators

- Mass media campaign
- Awareness of Class rights
- Encouragement of Proxy advisory Services
- Encouragement for Class Action
- Training to market participants
- Surveillance and prompt action
- Disgorgement of unethical profits



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