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Moneylife Foundation

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4 June 2014

Hon'ble Prime Minister,
Shri Narendra D. Modi,
South Block, Raisina Hill,
New Delhi.

Sub: Memorandum to the Hon'ble Prime Minister regarding concerns of ordinary investors

Dear Sir,

Greetings from Moneylife Foundation. We congratulate you on the historic mandate that you obtained from the people of India and subsequent government formation. We are writing this letter as the voice of Indian financial consumers and with great belief in your campaign slogan *Achche Din Ayenge*.

Sir, we at Moneylife Foundation have been working for the average financial consumer (investors, savers, depositors and taxpayers). With a membership of 30,000 in just four years, we are now the largest such not-for-profit organisation in India. It is our direct experience that India's financial consumers have faced the most trying time. They have had to lose a large chunk of their hard-earned, tax paid savings due to deliberate mis-selling, badly designed products and unfair business practices amounting to cheating. This is done by even the largest, best known and regulated financial sector entities in India today.

What is worse, the grievance redress systems are broken or dysfunctional. The cumbersome and often futile fight for redress or justice discourages people from participating in the financial markets. All this is reflected in the halving of India's investor population over the last couple of decades from 20 million to 10 million (SEBI survey findings). Taxpayers face another set of vexing issues. The latest cover story of the fortnightly magazine Moneylife explains the many challenges and issues facing all the constituents of the system (copy enclosed).

We humbly submit that this happens because policy makers simply do not engage with financial consumers in any formal manner, although they hold regular meetings with industry bodies, associations of intermediaries and other interest groups.

Sir, you and your government embody the aspirations of the masses, and the upcoming budget is possibly the most important in the recent past. We urge you to consider making it mandatory for regulatory authorities and other policy makers to consult financial consumers and their representatives on a regular basis.

Even funds available to support the cause of investors are not properly utilised. We would like to bring to your attention that the Government of India has a fund called the Investor Education and Protection Fund (IEPF) with over Rs1000 crore in its kitty today. This huge sum represents investors' money but has largely gone into the Consolidated Fund of India with small portions doled out to industry associations to conduct mindless seminars. Similar funds, running into a few hundred crores are available with each of the two major stock exchanges - the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE). These too are being used as promotional tools rather than to put in place infrastructure that helps investors.

These funds belong to investors and must be used for their benefit. For instance, investors who have a problem with brokers are routinely pushed into arbitration, where they end-up fighting one-sided battles. The IEPF and bourses need to provide legal aid to such helpless investors through investor bodies, so that they have knowledgeable legal representation on par with that available to intermediaries. We have many more suggestions, based on direct feedback from investors, on how we can restore investor confidence and impart meaningful financial education that helps protect savers.

We hope that the voices of financial consumers are heeded under your leadership. An encouraging first step would be to use organisations like ours to add to efforts by various government departments and agencies. This could also go a long way in increasing the participation of regular Indians in the financial markets and in including them in the future growth of the country.

We would request an audience with you to be able to outline plans for investors in a more detailed manner. We would also be happy to interact with anyone from your team who may be directed to address this issue in a serious manner.

Thanking You,



Sucheta Dalal,
Trustee, Moneylife Foundation



Debashis Basu,
Trustee, Moneylife Foundation

Enclosed: Brief profile of Moneylife Foundation

ABOUT MONEYLIFE FOUNDATION

<http://foundation.moneylife.in>

- **Moneylife Foundation** is a Mumbai-based NGO with a mission to spread advocacy, consumer awareness, financial literacy and be the voice of Indian savers.
- **Objectives:** Moneylife Foundation's activities are focused on:
 - a. Making investors and savers aware of their rights
 - b. Running helplines for retail buyers of insurance, mutual funds, for legal help and for railway commuters
 - c. Enabling investors and savers to enhance their knowledge through seminars
 - d. Making policymakers aware of the issues of investors and savers
 - e. Creating knowledge and insights by undertaking research and surveys
- **Affiliations:** Moneylife Foundation is registered with the Charity Commissioner of Mumbai, has recently been accepted as a Supporter Member of Consumers International, a global federation representing 240 consumer organisations around the world. We are also a part of OECD International Network on Financial Education.
- **Network:** Moneylife Foundation has grown to over 30,000 members, hosted 132+ speakers, organised 214+ events/seminars, and accommodated more than 1,73,400 attendees in just four years.
- **Landmark Events:** It hosted eminent personalities such as RBI deputy governor KC Chakrabarty, Dr Subramanian Swamy, former CAG Vinod Rai, former chief election commissioner SY Quraishi, former CIC Shailesh Gandhi, former railway minister Dinesh Trivedi. On International Women's Day, every year, Moneylife Foundation honours women activists who make a difference to the society.
- **Run Five Helplines :**
 1. Insurance helpline: has helped 50 people recover over Rs39.47 lakh and guided over 130 cases correctly.
 2. Legal Resource Centre (<http://lrc.moneylife.in>): handled 202 queries in just 3 months since Feb 2014
 3. Banking and Credit counselling with Disha Financial Services.
 4. Mutual Fund helpline launched recently
 5. Samir Zaveri Railway Helpline: (http://foundation.moneylife.in/?page_id=6196)
- **Representations:** Moneylife Foundation has sent 20 memorandums, all of which have been in consultation with stakeholders and consumers on important issues such as health insurance, Ponzi schemes, Adhaar-related biometric ATMs, retail investing, senior citizen rights etc. to policy makers and regulators including RBI, SEBI and IRDA and various ministries of the government. Memorandum on banking issues has led to Moneylife Foundation organising Open House session hosted by RBI deputy governor KC Chakrabarty.

Founders:

- **Sucheta Dalal:** Well known financial journalist and Padma Shri awardee in 2006. Known for her expose of the Harshad Mehta scam in 1992 and other articles. Was member of SEBI's Primary Market Advisory Committee for several years, was a member of SEBI's NR Narayana Murthy committee on corporate governance in 2003, Member of Investor Education and Protection Fund of Ministry of Corporate Affairs for six years. Trustee of the Ahmedabad-based Consumer Research and Education Centre.
- **Debashis Basu:** A Chartered Accountant by qualification with 28 years as a journalist and the author of several business books. Worked with The Times of India, Business World, Business India, Business Today, Financial Express and The Economic Times. Columnist with Business Standard. Co-authored the best-selling *The Scam: From Harshad Mehta to Ketan Parekh* with Sucheta Dalal; Authored Face Value, Growth Alchemy, Pathbreakers and Plain Truth Series on Stocks, Mutual Funds and Investments. He was a member of the SEBI Task Force on the creation of IndoNext market segment and served as the member of the mutual fund advisory committee of SEBI.