

## Wealth Management in India: Issues and Concerns

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### INTRODUCTION:-

Management is what a manager does "the statement given by Louis Allen has very broad and meaningful meaning. Though we all know that 'Manage' is nothing but to forecast and plan, to organize, to command, to co-ordinate and to control. The eminent writer and management guru William Spriegal has given very valuable definition that 'Management is that function of an enterprise which concern itself with the direction and control of the various activities to attain business objectives. Management embraces all duties and functions that pertain to the initiation of an enterprise; it's financing the establishment of all major policies and the provisions under which the organization is to be run and the selection of the principal officers'. In the general view the word management is form with Manage + Men + 'T' where 'T' stands for the factor time.

The term wealth management also now a days having very importance. So many Banking companies are engaged in the business of wealth management. The premier insurance industry is now booming because so many bankers are also adopting and playing safe in the business of insurance the term called is Bancassurance. Now a day's wealth Management has very craze in the business world. In a survey it was found that India had 100,000 milliners day end of year 2006 is now grow up by 21% from a year earlier (Asia pacific wealth report).

**CONCEPT OF WEALTH MANAGEMENT:** The term wealth management formed with two words wealth & Management. The Meaning of Management we have already seen in the steering introduction. The meaning of wealth is – Funds, Assets, investments and cash it means the term wealth management dealt with funds Asset, instrument, cash and any other item of similar nature. While defining wealth Management we have to think in planned manner. "Wealth Management is an all inclusive set of strategies that aims to grow, manage, protect and distribute assets in a much planned systematic and integrated manner. "

**MIDDLE EAST & WEALTH MANAGEMENT:** In this globalized era Middle East countries have huge wealth management need. There are two types of wealth management institutions. They are:-  
(1) Private Banks

(2) Family Offices, engaged in the business of wealth management in Middle East. For our information the wealth management institute (WMI), the first center of excellence for the wealth management education in Asia was established in Singapore in the year 2003.

The wealth management Institute (WMI) is providing professionals for wealth management with a nice combination of learning and practical training.

The aim of WMI is to establish Singapore as the Asian hub for wealth Management. Where Pvt. Banks and Family Offices are discussing about the strategies to capture the wealth management business in the Middle East. The global institutions are looking towards the Middle East to grow their wealth management business and attracting the big business houses by their attractive service providing facilities. Tapping in to the Middle East market it is very crucial for private banks and private wealth managers, the entry and increasing market share is not very easy task for them but they are fighting. The Middle East region has become very highly competitive over the last five years. Local banks now competing with international banks.

### Position of India in Wealth Management:-

In the annual survey done by Cap Gemini, SA and Merrill Lynch it was found that ranks of millionaires grew 6% in the previous year, because the number of richer people grew in India &

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China where India is competing China. India & China posted the biggest gain in millionaires advancing by 23% & 20% respectively.

When we are watching the world wide increase in number of millionaires the facts collected by Cap Gemini, S.A. and Merrill Lynch survey report. India has 23% growth in the last year. The biggest Asian economy China stands on second position with 20%, west Asia 16%, United States 4% and United Kingdom (UK) 2%.

So we can understand that there is more opportunities in the wealth management business in Asia specially in India.

#### **ICICI BANK & WEALTH MANAGEMENT:**

In India ICICI bank and Axis-Bank are very well known banks in the field of wealth management. ICICI Bank will float subsidiary for the purpose of WM activities in Canada & other market even as ICICI has rolled out ICICI Group Global Private Clients for those with net worth of \$ 1 million or more. ICICI GCPC launched their business in Dubai very recently in the month of April-08 and caught 2500 clients. They are going to add another 1000 high network clients this year.

ICICI Bank is using the services of global players like Merrill Lynch, City group, and UBS for catching the clients for Wealth Management business. ICICI Bank and its subsidiaries are engaged in the development of various attractive products (services) for the clients with net worth of \$ 1 million.

The eyes of ICICI Group Global Pvt. Clients on the rising number of dollar millionaires at present they are 100,000 in number in few year the number will definitely increase. India's No.2 lender banker ICICI expects to sustain the 70% growth in its private wealth management business. ICICI has 150,000 customers with investible surplus of at least Rs. 10 lakhs equity, real estate and private equity is driving the private banking business in India. India has market of wealth management about \$ 600 billion.

#### **AXIS BANK & WEALTH MANAGEMENT**

One of India's leading private sector banker Axis bank also combined with Banque Privee Edmond de Rothschild Europe based wealth management expertise institution & is going to make new standard for the NRI's wealth management.

The LCF Rothschild group has based its reputation in the area of wealth management on its big banking experience. Actually the institution is engaged in the task of providing financial advice to the Europe's leading families, Government and various corporations for the last '7' generations.

The Axis Bank 5th largest bank by market capitalization in India provides payroll services to over 12000 corporates across 2.8 million salary accounts. The market capitalization of Axis Bank was 235 million in the last year 2007 is engaged in the business of wealth management, with its international presence in Dubai, Singapore Hong Kong, Shanghai and so on.

#### **SERVICES PROVIDED BY WEALTH MANAGEMENT INSTITUTIONS:-**

- 1) Custodian Services:-
  - (A) Securities Safekeeping
  - (B) Income collection from Securities
  - (C) Settlement of Securities trades as directed
  - (D) Payment of fund when directed
  - (E) Timely settlement delivery
- 2) Trust Services:-
  - (A) Charitable Trust
  - (B) Revocable Trust
  - (C) Irrevocable life Insurance Trust
  - (D) Special Need Trust
  - (E) Institutional Trust
- 3) Retirement Plan Services:
  - (A) IRA's Custodian Or Trustee
  - (B) Defined Benefit Plans
  - (C) Defined Contribution Plans

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ADVANTAGES: The following are the advantages of wealth management concept.

- 1) Helpful In Tax Planning: The wealth management professional always shows the good path to the customers and provide the service of tax planning. How to minimize the tax and save more money?
- 2) Helpful In Selection of Investment Strategy: Another advantage from the customer point of view is with the help of WM Professional the customer can easily know the investment strategy and analyze risk and return.
- 3) Helpful in Estate Management: With the help of wealth management professional we can also manage our estate. Estate management is a task to provide objective administration of our funds tailored to aim in responsible distribution and protection of our overall estate.
- 4) Helpful in forward looking: We can say planning, that recognizes as our estate grows and changes occurs we require some team of professionals who help us in future planning.
- 5) Helpful for Indian Economy: Banks which are engaged in business of WM earning revenues from the foreign countries i.e. outsourcing for economy

#### LIMITATIONS

1. WM Reduces The Scope Of Management: Though we all know that management has existence at all levels of life and society but the term wealth management only related with the higher level means rich people, and is not having any plans and provisions for poor and lower and middle level of society.
2. Chances of Fraud: Another demerit or limitation of the WM concept is it is not showing the actual position. The customer doesn't know about the things going on with using his wealth and there may be chances of forgery and fraud with customers.
3. Actual Picture VS Inflation: What is the actual position of market we don't know because everything is done by some WM professionals. So we cannot assume our position in the market that also results in inflation because economy is unknown about the actual state. There may be chance that the customers are in risk but they are showing the false return and vice-versa.

#### CONCLUSIONS:

After studying the overall concept of wealth management we can say that it has various aspects some are favorable and friendly for the Indian economy and some are very dangerous for the Indian economy. The customers have to beware and they have to make SWOT analysis before choosing the wealth management option. At present Indian Economy is facing a lot of trouble by increasing inflation by 11.05% and hike in fuel prices in the Indian as well as international market. As per Indian concept wealth management can not success in India. But if Indian financial institutions are engaged and choosing the WM business in foreign countries, most probably middle-east countries, it may be some relief for the downward moving Indian economy.

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