

# India, a stumbling block for Lankan Fund Managers: Promoter

MONDAY, 01 APRIL 2013 08:48



One of the biggest obstacles of attracting foreign direct investments (FDIs), development finance and portfolio investment to Sri Lanka is her neighbour, India, a promoter of Colombobased private equity fund told Mirror Business in a brief interview.

Indika Hettiarachchi, the promoter of US \$ 50 million Jupiter Sri Lanka Growth Fund which focuses on the country's SME sector, noted that he is also finding it difficult to raise money for his fund as a result of the Indian factor in the South Asian region.

"Foreign institutions and funds make their allocations to the region and not to a specific country. Given the size and the capacity, the majority goes to India. Countries like Sri Lanka gets only the left over," Hettiarachchi pointed out.

"Besides, most of the foreign funds currently operating in Sri Lanka are managed by fund managers in India. So it's basically an 'India-centric' story," he added.

He further noted that when it comes to development finance, the fund allocations are done based on development indicators.

"In the South Asian region, Sri Lanka has the best development indicators. As a result, on that front too, we are getting scraps," Hettiarachchi noted.

Meanwhile he also noted the need for state support in developing a healthy fund management industry in the country, liberalizing state funds to a certain extent.

As he pointed out, in many other countries, state funds like pension funds are managed by fund managers and the institutions focus on selecting good fund managers and not individual investments

"In allocating funds for various fund managers these institutions allocate funds across large number of fund managers representing various asset classes such as private equity, debt, listed equity, hedge funds and also across wide arrange of sectors/ industries, geographical focus, strategies and also type of fund managers. May be state funds also can look a gradual shift to this practice," he said.

Hettiarachchi further noted that a lack of qualified and experienced fund managers in the country also stand as an obstacle in attracting foreign funds to Sri Lanka.

"When large funds look at Sri Lanka, they look for international quality fund managers."

Jupiter Sri Lanka Growth Fund expects to invest 50 percent of its capacity in SMEs (companies with less than Rs.600 million annual revenue) and the balance 50 percent in large companies.

0

Like

Follow @DMbreakingnews

Like

Shahane Sharon, Kaleel Mohamad and 30,475 others like this.

Views : 156

te!! a Friend    ...