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UPDATE

A Newsletter of The Association of Mutual Funds in India

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FROM THE CHAIRMAN'S DESK

Mutual fund industry witnessed a major development in the last quarter of fiscal 2002-03 and that was the emergence of a new UTI Mutual Fund conforming to the SEBI Regulation and some schemes of the erstwhile Unit Trust of India migrating to a new entity called the Specified Undertaking of the Unit Trust of India. A landmark organizational restructuring, innovatively conceived and successfully completed. The Indian Mutual Fund Industry starting with the establishment of Unit Trust of India in 1964 has thus entered yet another new phase in 2003, the earlier phases being the entry of private sector in 1993 and before that the setting up mutual funds by public sector banks and financial institutions in 1987.

Mergers, acquisitions and consolidation are features common to most of the industries and mutual fund is no exception to this. Several mergers and acquisitions have taken place over the years and the most recent being Sun F & C acquiring the schemes of Jardine Fleming Mutual Fund, Templeton Mutual Fund acquiring Pioneer ITI Mutual Fund and the slated acquisition of Zurich India by HDFC Mutual Fund.

The extension given to intermediaries to pass the AMFI certification test till September 2003 presents an opportunity for member funds to identify and motivate the remaining intermediaries to complete the test. Instead of waiting till the last month, a systematic plan of action may be initiated from now onwards so that all the intermediaries genuinely interested in the profession are certified before the deadline.

Yours,

A.P. Kurian

13.06.03

SEBI UPDATE

CIRCULARS ISSUED BY SEBI

INVESTMENT IN FOREIGN SECURITIES (SEBI/MFD/CIR No. 02/6855/03- APRIL 4, 2003)

Mutual Funds are allowed to make investment in equity of listed overseas companies which have at least 10% shareholding in a Indian listed company within the overall cap of US\$ 1 billion for the entire mutual fund industry.

SEBI has permitted each mutual fund to invest in foreign securities up to 10% of its Net Assets as on January 31, 2003 subject to a minimum of US\$ 5 million and maximum of US\$ 50 million per mutual fund irrespective of size of assets.

CERTIFICATION AND REGISTRATION OF INTERMEDIARIES (SEBI/MFD/CIR No.01/6693/03 APRIL 3, 2003)

All the intermediaries (distributors, agents, brokers or called by any other name) engaged in selling and marketing of mutual fund units were required to pass the AMFI certification test and register with AMFI by March 31, 2003. SEBI has now extended the date to September 30, 2003 and has advised all mutual funds to ensure that their intermediaries pass the certification test and are registered with AMFI by that date. Mutual Funds have also been advised to place progress reports in this regard to the Boards of AMCs and Trustees and send detailed report to SEBI.

INVESTMENT VALUATION NORMS (MFD/CIR. No.23/066/2003 MARCH 7, 2003)

All Mutual Funds have been advised by SEBI to provide transaction details of various types of debt securities such as NCDs, Mibor linked

floaters and CPs on daily basis to the agency recommended by AMFI in the prescribed format. This is required for helping daily generation of matrix for the valuation of securities and to improve uniformity and accuracy of valuation in the mutual fund industry.

AMFI vide its letter No. 35/MEM-COR/75/02-03 dated March 10, 2003 has advised all members to provide relevant data in the prescribed format to CRISC-RISC at mftrades@crisil.com or fixedincome@crisil.com.

CONVERSION OF CLOSE-END SCHEMES TO OPEN-END SCHEMES MFD/ CIR No. 22/2311 /03 JANUARY 30, 2003)

SEBI has clarified once again the requirements to be complied with by the Mutual Funds while converting close-end schemes to open-end schemes as enumerated under Regulation 33(3), 28(1), 28(2) and 29(3) of SEBI (Mutual Funds) Regulations 1996 such as communication to unit holders, disclosure of portfolio of scheme, addendum to offer document, if any, filing of revised offer document, time period to be given to unit holders for exercising exit option etc.

CIRCULAR ISSUED BY AMFI

CLARIFICATIONS ON THE IMPLEMENTATION OF AMFI GUIDELINES ON CODE OF CONDUCT- AMFI Circular No. Cir/ARN-02/02- 03 dated MARCH 31, 2003

Based on the recommendations of the committee on certification, AMFI has issued circular No. CIR/ARN-02/02-03 dated March 31, 2003 giving clarifications on the implementation of the code of conduct and guidelines issued earlier.

INVESTOR AWARENESS PROGRAMME

The Sydneham College, Mumbai had organized a special lecture on Mutual Fund on January 30, 2003. Chairman AMFI delivered the lecture on Concept of Mutual Funds.

Chairman AMFI took a session on mutual funds in the seminar organized by Postal Staff College, Ghaziabad on May 26, 2003.

The Tamil Nadu Investors' Association organized an investor awareness programme on June 6, 2003, at Chennai which was addressed by the Chairman.

CONFERENCES AND MEETINGS

Chairman AMFI participated in the seminar on Mutual Fund organized by ABN Amro Bank on January 30, 2003 at Mumbai and spoke on the subject "Recent Reforms Experienced by Mutual Fund Industry in India".

Chairman AMFI addressed the meeting of Mutual Fund Distributors organized by The Association of Mutual Fund Distributors in Kerala on February 7, 2003 at Cochin.

The Confederation of Indian Industries (Western Region) had organized its first ever conference on Real Estate on April 25, 2003 at Mumbai. Chairman AMFI delivered an address on Real Estate Mutual Funds.

Eighth Asia Oceania Regional Meeting at Sydney, Australia

The 8th Asia Oceania Regional Meeting of the representatives from the international investment funds industry association in the Asia Oceania Region was organized by Investment & Financial Services Association Ltd. (IFSA) between 19 - 23 March 2003 at Sydney, Australia. Chairman AMFI led the delegation consisting of Shri S.K. Mitra of Birla

Sun Life Mutual Fund and Shri M.R. Murali of LIC Mutual Fund. Representatives from Australia, China, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore and Taiwan attended the meeting.

AMFI CERTIFICATION AND REGISTRATION PROGRAMME

Examination Facilities

The certification programme was launched by AMFI in July 2000 and SEBI made it mandatory for all Intermediaries in September 2001. AMFI has right from the beginning undertaken countrywide training programme in collaboration with UTI Institute of Capital Market (UTIICM) and also provided examination facilities.

The computer based AMFI Certification Test is conducted by NSE at six centers and in addition to these centers NSE is also offering computer based test facility at non-NSE centers if specific request is received.

Recognizing the need for offering the conventional written examination, AMFI has arranged through UTIICM to conduct the test manually from July 2002. So far such tests have been conducted in around 75 cities across the country. In addition to this AMFI has made arrangement with Institute of Banking Personnel Selection (IBPS) to conduct written examination at 20 centers across the country from January 2003. AMFI has also introduced written examination in Hindi from October 2002.

All these examination facilities are being continued and details of examination schedule are available on AMFI website.

So far about 42,000 distributors have taken AMFI Certification Test and 19,500 have passed the test.

Registration of AMFI Certified Intermediaries

AMFI has retained the services of Computer Age Management Services Limited (CAMS) to receive applications at 23 centers throughout the country. The list of these centers is available on AMFI website.

Registration of Senior Citizens with AMFI

SEBI has exempted senior citizens who have completed 60 years of age from AMFI Certification Test. However they are required to register with AMFI and obtain photo identity card with ARN. They should enclose proof of age and recommendation from a member AMC(s), certifying that they have worked for 2 years as an intermediary and have canvassed a minimum business of Rs. 2 lakhs over a period of last 2 years.

So far 6400 individual distributors, 778 corporate distributors and 1459 employees of corporate distributors have registered with AMFI

With the extended deadline till September 30, 2003, members will have sufficient time to motivate their intermediaries to take the test and register themselves.

MEETING OF THE TRUSTEES WITH SEBI CHAIRMAN

SEBI in collaboration with AMFI had organized a meeting of Trustees of Mutual Funds on February 27, 2003 at Mumbai. Around 50 Trustees participated in the meeting. Shri G.N. Bajpai Chairman SEBI and other members of SEBI interacted with the Trustees on various matters concerning mutual funds such as compliance, reporting, supervising the functioning of AMCs, investor protection, regulations, role of Trustees, administrative support to Trustees etc.

GENERAL MEMBERSHIP MEETINGS

A general membership meeting of AMFI was held on March 12, 2003. The issues and implications relating to service tax and budget

proposals on Mutual Funds were discussed. Shri Kanu Doshi, Tax Consultant along with Ms. Puloma Dalal, an expert in service tax clarified the provisions of service tax. The report of the working group headed by Shri Shailendra Bhandari has also been circulated to members.

MUTUAL FUND INDUSTRY

AJ Fourth quarter January-March, 2003

- The Fourth quarter January-March 2003 data are presented in tables 1 to 4.
- During the quarter 14 new schemes were launched which mobilized Rs.990 crores. Total sales during the quarter aggregated Rs.1,01,097 crores.
- Redemptions were at Rs. 1,11,469 crores.
- The Assets under Management as at the end of the quarter were Rs.79,464 crores

BJ Annual Data April 2002-March 2003

- The Annual Data for April 2002-March 2003 are given in table 5. Table 6 gives data on Assets under Management for each of the Asset Management Companies.
- 53 new schemes as against 90 schemes last year were launched during the year - 47 of which were open ended and 6 close ended. Income schemes predominated with 32 schemes collecting Rs.3,175 cores which accounted for 83 percent of total collection of Rs.3,845 crores from new schemes as against Rs. 3,335 crores last year.
- Aggregate sale of all the 382 schemes amounted to Rs. 3,14,673 crores.
- Redemptions during the year were lower at Rs.3,01,225 crores.
- Assets under management as on March 31, 2003 were Rs.79,464 crores without taking into account the assets under management of the Specified Undertaking of the Unit Trust of India which were Rs.29,835 crores as on January 31, 2003.

MUTUAL FUND DATA FOR THE FOURTH QUARTER JANUARY - MARCH 2003

TABLE - 1

(Rs. in crores)

Category	No. Of Schemes Launched	Sales - All Schemes				Redemptions All Schemes		Total Assets Under Mgmt. As on 31.03.2003
	During the Quarter	From New Schemes	From Existing Schemes	Total for the Quarter	Total for the Year	Total for the Quarter	Total for the Year	
I Specified Undertaking of the Unit Trust of India UTI Mutual Fund	-	-	-	-	*33	-	*9284	*29835
	-	-	2256	2256	7062	3066	7246	13516
Total	-	-	2256	2256	7095	3066	16530	43351
				785	4643	2917	11927	51434
II A UTI Mutual Fund	-	-	2256	2256	7062	3066	7246	13516
B Bank Sponsored (4)	-	-	3911	3911	11090	4895	10536	4491
				1530	4242	1524	3329	3970
C Institutions (4)	-	-	5720	5720	17535	6599	16121	5935
				4137	9371	4398	8550	4234
D Private Sector								
i Indian (7)#	1	1	30097	30098	83351	30565	79341	10180
				13575	33634	13916	31181	5177
ii Joint Ventures - Predominantly Indian (6) #	6	130	21511	21641	71513	24074	68333	15459
				17194	48396	17188	43239	15502
iii Joint Ventures - Predominantly Foreign (11)\$	7	859	36612	37471	124122	42270	119648	29883
				23636	64237	24755	59122	20277
Total(i+ii+iii)	14	990	88220	89210	278986	96909	267322	55522
				54405	146267	55859	133542	40956
Grand Total (A+B+C+D)	14	990	100107	101097	314673	111469	301225	79464

Notes:

- Data is provisional and hence subject to revision**
- Erstwhile UTI has been bifurcated into UTI Mutual Fund and the Specified Undertaking of the Unit Trust of India effective from February 2003 and hence the data pertaining to Specified Undertaking of the Unit Trust of India has been excluded from the data published in table 2 to 6
- Figures in **Red** denote amount for corresponding period, last year.
- \$ The number of funds have gone up due to addition of Deutsche Asset Management (India) Pvt. Ltd.
- #The category of one of the fund has been changed from Joint Ventures Predominantly Indian to Private Sector Indian on account of change in share holding pattern.
- * Sales and Redemption figures for the Specified Undertaking of the Unit Trust of India are for the period April 2002 to January 2003 and the assets under management is as on 31.1.2003

SALES DURING THE QUARTER JANUARY - MARCH 2003 TYPE AND CATEGORY WISE

TABLE - 2

2.1 *New Schemes Launched

(Rs. in crores)

	Open end		Close end		Assured Return		Total	
	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount
Income	6	792	1	15	-	-	7	807
Growth	6	103	-	-	-	-	6	103
Balanced	-	-	-	-	-	-	-	-
Liquid/Money Market	1	80	-	-	-	-	1	80
Gilt	-	-	-	-	-	-	-	-
ELSS	-	-	-	-	-	-	-	-
Total	13	975	1	15	-	-	14	990

2.2 Existing Schemes

(Rs. in crores)

	Open end		Close end		Assured Return		Total	
	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount
Income	92	28722	12	^155	6	-	110	28877
Growth	109	1990	5	-	-	-	114	1990
Balanced	33	52	2	-	-	-	35	52
Liquid/Money Market	31	67661	-	-	-	-	31	67661
Gilt	31	1517	-	-	-	-	31	1517
ELSS	20	10	27	-	-	-	47	10
Total	316	99952	46	155	6	-	368	100107

^ Amount mobilised by new plans under existing schemes

2.3 Total of All Schemes

(Rs. in crores)

	Open end		Close end		Assured Return		Total	
	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount
Income	98	29514	13	170	6	-	117	29684
Growth	115	2093	5	-	-	-	120	2093
Balanced	33	52	2	-	-	-	35	52
Liquid/Money Market	32	67741	-	-	-	-	32	67741
Gilt	31	1517	-	-	-	-	31	1517
ELSS	20	10	27	-	-	-	47	10
Total	329	100927	47	170	6	-	382	101097

Notes:

The change in number of existing schemes is because of the maturity and reclassification of existing schemes by some of the funds.

***New Schemes** :

Open End Income : Grindlays Floating Rate Fund, HDFC Floating Rate Income Fund, Franklin International Fund, Deutsche Premier Bond Fund, Deutsche Short Maturity Fund & DSP Merrill Lynch Savings Plus Fund

Open End Growth : Birla Dividend Yield Plus, Tata Index Fund (Sensex & Nifty Options), Benchmark Junior BeES, Tata Fixed Horizon Fund, Deutsche Alpha Equity Fund & DSP Merrill Lynch Top 100 Fund

Open End Liquid : Deutsche Insta Cash Plus Fund

Close-end Income: Deutsche Fixed Maturity Plan

TABLE - 3
REDEMPTION / REPURCHASE DURING THE QUARTER
JANUARY - MARCH 2003
(Rs. in crores)

	Open End	Close End	Assured Return	Total
INCOME	42483	41	7	42531
GROWTH	1965	21	-	1986
BALANCED	255	-	-	255
LIQUID/MONEY MARKET	64808	-	-	64808
GILT	1783	-	-	1783
ELSS	58	48	-	106
TOTAL	111352	110	7	111469

TABLE - 4
ASSETS UNDER MANAGEMENT AS ON 31ST MARCH 2003
TYPE AND CATEGORY WISE
(Rs. in crores)

	Open End	Close End	Assured Return	Total
INCOME	46587 33587	617 4522	360 17679	47564 55788
GROWTH	8041 8981	1846 4871	- -	9887 13852
BALANCED	2449 16720	692 234	- -	3141 16954
LIQUID/MONEY MARKET	13734 8069	- -	- -	13734 8069
GILT	3910 4163	- -	- -	3910 4163
ELSS	350 418	878 1350	- -	1228 1768
TOTAL	75071 71938	4033 10977	360 17679	79464 100594

NOTE: Figures in Red denote amount for corresponding period, last year which include the figures of the erstwhile Unit Trust of India (undivided) and hence not strictly comparable.

ANNUAL DATA

TABLE - 5

**5.1 New Schemes launched during the year
April 2002 - March 2003**

	Open end		Close end		Assured Return		Total	
	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount
Income	26	3061	6	114	-	-	32	3175
Growth	17	411	-	-	-	-	53	2744
Balanced	1	-	-	-	-	-	17	411
Liquid/Money Market	2	257	-	-	-	-	17	130
Gilt	1	2	-	-	-	-	2	6
ELSS	-	-	-	-	-	-	9	347
							1	2
							9	108
							-	-
							-	-
Total	47	3731	6	114	-	-	53	3845
	74	2998	16	337	-	-	90	3335

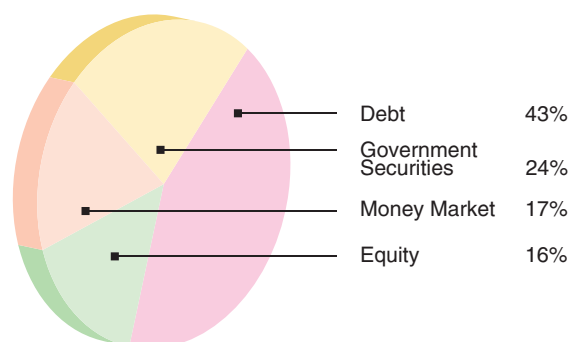
5.2 Total Sales during the year April 2002 - March 2003

	Open end		Close end		Assured Return		Total	
	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount
Income	98	108960	13	463	6	-	117	109423
Growth	115	4618	5	-	-	-	146	51021
Balanced	33	357	2	4	-	-	120	4618
Liquid/Money Market	32	195047	-	-	-	-	114	1983
Gilt	31	5202	-	-	-	-	35	361
ELSS	20	22	27	-	-	-	34	477
							32	195047
							31	104570
							31	5202
							29	6439
							47	22
							63	33
Total	329	314206	47	467	6	-	382	314673
	304	162500	87	635	26	1388	417	164523

5.3 Total Redemption during the year April 2002-March 2003

	Open End	Close End	Assured Return	Total
Income	100063	285	60	100408
Growth	3866	51	-	42812
Balanced	715	41	-	3917
Liquid/Money Market	190042	-	-	2243
Gilt	5892	-	-	756
ELSS	68	142	-	5831
				190042
				101272
				5892
				4875
				210
				315
Total	300646	519	60	301225
	153725	3251	372	157348

Assets Allocation as on 31st March 2003



Figures in Red denote amount for corresponding period, last year which include the figures of the erstwhile Unit Trust of India (undivided) and hence not strictly comparable.

ASSETS UNDER MANAGEMENT AS ON MARCH 31, 2003 - MEMBER WISE

TABLE - 6

(Rs. in crores)

Sr. No.	Name of the Asset Management Company	Assets under Management	
A	1	UTI Asset Management Company (P) Ltd.	13516
B		BANK SPONSORED	
	1	BOB Asset Management Co. Ltd.	178
	2	Canbank Investment Management Services Ltd.	952
	3	PNB Asset Management Co. Ltd.	141
	4	SBI Funds Management Ltd.	3220
		TOTAL B	4491
C		INSTITUTIONS	
	1	GIC Asset Management Co. Ltd.	252
	2	IDBI Principal Asset Management Co. Ltd	1685
	3	IL & FS Asset Management Co. Ltd.	1059
	4	Jeevan Bima Sahayog Asset Management Co. Ltd.	2939
		TOTAL C	5935
D1		PRIVATE SECTOR	
	1	Benchmark Asset Management Co. Pvt. Ltd.	10
	2	Cholamandalam Asset Management Co. Ltd.	856
	3	Escorts Asset Management Ltd.	83
	4	J.M. Capital Management Pvt. Ltd.	2655
	5	Kotak Mahindra Asset Management Co. Ltd.	2987
	6	Reliance Capital Asset Management Ltd.	2420
	7	Sundaram Asset Management Company Ltd.	1169
		TOTAL D1	10180
D2		JOINT VENTURES - PREDOMINANTLY INDIAN	
	1	Birla Sun Life Asset Management Co. Ltd.	5488
	2	Credit Capital Asset Management Co. Ltd.	75
	3	DSP Merrill Lynch Fund Managers Ltd.	2279
	4	First India Asset Management Private Ltd.	107
	5	HDFC Asset Management Co. Ltd.	6482
	6	Tata TD Waterhouse Asset Management Private Ltd.	1028
		TOTAL D2	15459
D3		JOINT VENTURES - PREDOMINANTLY FOREIGN	
	1	Alliance Capital Asset Management (India) Pvt. Ltd.	2291
	2	Deutsche Asset Management (India) Pvt. Ltd.	310
	3	Dundee Investment Management & Research (Pvt.) Ltd.	5
	4	HSBC Asset Management (India) Private Ltd.	751
	5	ING Investment Management (India) Pvt. Ltd.	594
	6	Morgan Stanley Dean Witter Investment Management Pvt. Ltd.	705
	7	Prudential ICICI Asset Management Co. Ltd.	9068
	8	Standard Chartered Asset Mgmt Co. Pvt. Ltd.	4163
	9	Sun F & C Asset Management (India) Pvt. Ltd.	518
	10	Templeton Asset Management (India) Pvt. Ltd.	8792
	11	Zurich Asset Management Co. (India) Pvt. Ltd.	2686
		TOTAL D3	29883
	24	TOTAL (D1+D2+D3)	55522
	33	TOTAL (A+B+C+D)	79464

Association of Mutual Funds in India

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