



UPDATE

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A Newsletter of The Association of Mutual Funds in India

July - September, 2003 Vol : III. Issue : II

FROM THE CHAIRMAN'S DESK

One of the important initiatives AMFI takes up on a regular basis is to identify systems, procedures and practices in diverse areas such as operation, marketing, valuation, disclosure etc., and study them with a view to evolving common standards conforming to the best systems procedures and practices. Thereafter, guidelines are issued as best practices to be followed by all our members. These guidelines though not forming part of the regulatory framework are followed by most if not all our members on a voluntary basis. This is an encouraging indication of the keen desire of all our members to conform to common standards and undertake activities in a transparent and ethical manner.

Obviously, the regulations and the Regulator's guidelines and clarifications cannot take care of every aspect. Some details have to be left to the industry players. It is here that AMFI, as a trade body plays a very useful role. I am happy to state that the AMFI standing committee on Best Practices has in the recent period studied various aspects and several best practice guidelines have been issued. More needs to be done and there are a few on the drawing board. In evolving, formulating and more important, in implementing the best practices guidelines, what is required is an approach of consensus keeping in view the overall interest of the industry and the unitholders and a commitment to follow the guidelines in letter and spirit.

Yours,

A.P. Kurian
31.10.2003

SEBI UPDATE

SEBI CIRCULARS

INVESTMENT LIMITS FOR GOVERNMENT GUARANTEED DEBT SECURITIES (SEBI / IMD / CIR No. 8 /18944 /03 - October 6, 2003)

It has been clarified by SEBI that the investment limits prescribed under Clause 1 and 1A of Schedule VII of SEBI (Mutual Fund) Regulations 1996 are applicable to all debt securities which are issued by public bodies/institutions such as electricity boards, municipal corporations, state transport corporations etc guaranteed by either state or central government. Government securities issued by central/state government or on its behalf by the RBI are exempt from this investment limits.

NON-GOVERNMENT PROVIDENT FUNDS, SUPERANNUATION FUNDS AND GRATUITY FUNDS ARE NOW PERMITTED TO INVEST IN GILT SCHEMES OF MUTUAL FUNDS

AMFI has been following up with the Government since 1999 to permit the Non-Government Provident Funds, Superannuation Funds and Gratuity Funds to invest in gilt schemes, which are dedicated to government securities. The Government has accepted our recommendation and has issued the notification on July 9, 2003 permitting the above category of funds to invest in units of mutual fund schemes dedicated to government securities

ANNUAL GENERAL BODY MEETING

The Eighth Annual general body meeting of AMFI was held on September 29, 2003 at Hotel Taj Mahal, Mumbai. The meeting was attended by 27 out of 31 members.

After the regular agenda, as per AMFI's tradition, Shri G.N. Bajpai Chairman SEBI addressed the members and had an interactive session with the AMFI members. Shri A.K. Batra Member SEBI and Shri S.C. Das Executive Director SEBI also attended the session.

MEETING OF ASSET MANAGEMENT COMPANIES' CHAIRMEN WITH SEBI CHAIRMAN

SEBI had organized a meeting of all the Chairmen of Asset Management Companies on September 10, 2003 at Mumbai in association with AMFI. SEBI Chairman and other members of SEBI interacted with the chairmen of AMCs on various issues concerning the mutual fund industry.

MEETING WITH RBI

A team consisting of Shri Suresh Babu of HDFC Mutual and Shri Mrugank Paranjape of Prudential ICICI on behalf of AMFI made a presentation on third party cheque writing facility for mutual funds to Reserve Bank of India on September 8, 2003. Certain queries raised by RBI have since been replied and the matter is being followed up with RBI.

INVESTOR AWARENESS PROGRAMME

Chairman AMFI addressed the investors at an Investors meet at Allepey, Palghat and Coimbatore.

CONFERENCES AND SEMINARS

Chairman AMFI spoke on 'Perspectives of the Mutual Fund sector' at the CII Workshop on Pension Reforms held on August 12, 2003 at Mumbai.

The 15-day program on "Teaching Securities Regulation" at Bangalore was organized by National Law School in association with SEBI and FIRE project from 15th to 27th September, 2003. Chairman AMFI took a session on "Setting and Enforcing Standards: Role of SROs and Industry Associations".

Chairman AMFI chaired the seminar on Investment opportunities organized by the Industrial Economist on September 20, 2003 at Chennai.

Chairman AMFI as the guest of honour, addressed the gathering at the CRISIL Best Fund Awards 2003 held on September 24, 2003 at Mumbai.

XVII Annual Assembly of International Investment Funds Association

XVII Annual Assembly of the International Investment Funds Associations was hosted by The Federation of Malaysian Unit Trust Managers at Kuala Lumpur from October 17th to 24th 2003. This is a conference of all the investment funds associations across the world.

Chairman AMFI led a delegation consisting of Shri S.K. Mitra of Birla Sunlife, Shri Krishnamurthy Vijayan of J.M. Mutual and Shri Ved Prakash Chaturvedi of Tata Mutual. Chairman AMFI made a presentation on 'Raising Competency and Proficiency in Advising Investors - The Role of Product Providers'. The conference was attended by representatives from industry associations of 40 countries across the world.

SEBI ADVISORY COMMITTEE ON MUTUAL FUNDS

The eleventh meeting of the SEBI Advisory Committee Meeting chaired by Shri B.G. Deshmukh was held on September 30, 2003.

COMMITTEE / WORKING GROUPS

Committee on Best Practices

AMFI's standing committee on Best Practices alongwith the AMFI Board met several times and deliberated on various subjects. Their recommendations were circulated to all members and after taking into consideration the comments received from members, AMFI has issued circulars on the following subjects as recommended best practices to be followed by mutual funds:

1. Reimbursement of Demand Draft (DD) Charges
2. Adherence to the cut off timings for the acceptance of application
3. Procedure on disclosure of Assets under Management and Average Assets under Management.
4. Dividend Pay-out and Bonus Issue

AMFI CERTIFICATION AND REGISTRATION PROGRAMME

As on October 26, 2003, 53,314 agent distributors across the country have appeared for the AMFI Certification Test and 27,141 have passed.

The total number of agent distributors registered with AMFI as on October 15, 2003 were 13,768 amongst which 10,931 are individual distributors, 1,064 are corporate distributors and 1,773 are corporate employees.

As per SEBI Regulation, mutual funds are now required to deal only with AMFI Registered Mutual Fund Advisors (ARMFA).

The online certification tests through the six NSE centers will be continued. Also, AMFI would be organizing written tests through both the Indian Institute of Capital Markets and Institute of Banking Personnel Selection (IBPS) details of which will be available on AMFI website.

Mystery Shopping

As per the SEBI circular on Risk Management the AMFI ARN Committee has undertaken the work of conducting mystery shopping of the AMFI Registered Mutual Fund Advisors (ARMFA) through an internationally recognised Agency.

AMFI has initiated a line of communication with ARN holders.

MUTUAL FUND INDUSTRY DATA

Second quarter July - September 2003

The second quarter data are presented in tables 1 to 5

- Twelve new schemes launched in the quarter collected Rs.1,197 crores of which Rs.612 crores were from income schemes, Rs.416 crores from growth, Rs.48 crores from balanced, Rs.9 crores from liquid/money market and Rs.112 crores were from gilt schemes.
- Sales were at Rs.1,40,274 crores, up by 106% over corresponding quarter last year.
- Redemptions also went up by 106% to Rs.1,26,970 crores from Rs.61,752 crores a year ago.
- On a net basis thus there was an inflow of Rs.13,304 crores during the quarter as against Rs.6,476 crores in the corresponding quarter last year.
- The Assets under management stood at Rs.1,21,778 crores as on September 30, 2003.
- Table-5 gives data on Assets under Management for each of the Asset Management Companies.

MUTUAL FUND DATA FOR THE SECOND QUARTER JULY - SEPTEMBER 2003

TABLE - 1

(Rs. in crores)

Category	No. Of Schemes Launched	Sales - All Schemes				Redemptions All Schemes		Total Assets Under Mgmt. As on 30.09.2003
	During the Quarter	From New Schemes	From Existing Schemes	Total for the Quarter	Total for the Year to Date	Total for the Quarter	Total for the Year to Date	
A Bank Sponsored (5)	5	672	8772	9444 3982	18004 6002	8955 4284	16294 11906	22995 48784
B Institutions (3)	2	58	4747	4805 3521	9384 6377	4358 2960	7518 5585	6218 5196
C Private Sector								
I Indian (8)#	4	249	34706	34955 13228	61829 28787	30732 12554	54408 27596	18032 6733
II Foreign (1)	-	-	4794	4794 -	8340 -	4155 -	7579 -	2607 -
III Joint Ventures - Predominantly Indian (5)#	1	218	32773	32991 19143	64336 30844	29952 17020	55743 27670	28456 15335
IV Joint Ventures - Predominantly Foreign (9)	-	-	53285	53285 28354	99444 52842	48818 24934	86468 46451	43470 30881
Total(I+II+III+IV)	5	467	125558	126025 60725	233949 112473	113657 54508	204198 101717	92565 52949
Grand Total (A+B+C)	12	1197	139077	140274 68228	261337 124852	126970 61752	228010 119208	121778 106929

Notes:

- 1 Figures in brackets denote number of funds.
- 2 Data is provisional & hence subject to revision.
- 3 Figures in **RED** denote figures for corresponding period of last year which includes the figures of the erstwhile Unit Trust of India (undivided) and hence not strictly comparable.
- 4 # The change in number of funds is due to change in shareholding pattern of First India Mutual Fund.

SALES DURING THE QUARTER JULY-SEP 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	5	612	-	-	-	-	5	612
Growth	4	416	-	-	-	-	4	416
Balanced	1	48	-	-	-	-	1	48
Liquid/Money Market	1	9	-	-	-	-	1	9
Gilt	1	112	-	-	-	-	1	112
ELSS	-	-	-	-	-	-	-	-
Total	12	1197	-	-	-	-	12	1197

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	101	41033	11	[^] 248	4	-	116	41281
Growth	115	5777	3	-	-	-	118	5777
Balanced	34	687	2	-	-	-	36	687
Liquid/Money Market	31	86770	-	-	-	-	31	86770
Gilt	30	4556	-	-	-	-	30	4556
ELSS	19	6	24	-	-	-	43	6
Total	330	138829	40	248	4	-	374	139077

[^]Amount mobilised by new plans launched 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	106	41645	11	248	4	-	121	41893
Growth	119	6193	3	-	-	-	122	6193
Balanced	35	735	2	-	-	-	37	735
Liquid/Money Market	32	86779	-	-	-	-	32	86779
Gilt	31	4668	-	-	-	-	31	4668
ELSS	19	6	24	-	-	-	43	6
Total	342	140026	40	248	4	-	386	140274

Notes:

1. 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 : Kotak Mahindra Floating Rate Scheme, IL&FS Floating Rate Fund, Canshort Term Plan, JM MIP Fund & Tata Dynamic Bond Fund

Open End Growth : UTI SUNDER (S&P CNX Nifty UTI Notional Depository Receipt), IL&FS Dynamic Equity Fund, BOB Growth Fund & Canequity Diversified Scheme

Open End Liquid : Benchmark Liquid BeES,

Open End Gilt : Reliance Gilt Securities Fund

Open End Balanced : BOB Balance Fund

**TABLE - 3
REDEMPTION / REPURCHASE DURING THE QUARTER
JULY-SEPTEMBER 2003**

(Rs. in crores)

	Open End	Close End	Assured Return	Total
INCOME	35417	465	5	35887
GROWTH	4340	54	-	4394
BALANCED	665	10	-	675
LIQUID/MONEY MARKET	84026	-	-	84026
GILT	1872	-	-	1872
ELSS	56	60	-	116
TOTAL	126376	589	5	126970

**TABLE - 4
ASSETS UNDER MANAGEMENT AS ON 30TH SEPTEMBER 2003
TYPE AND CATEGORY WISE**

(Rs. in crores)

	Open End	Close End	Assured Return	Total
INCOME	69037 45667	314 4265	115 14476	69466 64408
GROWTH	15426 8499	1204 4663	- -	16630 13162
BALANCED	3065 12932	729 173	- -	3794 13105
LIQUID/MONEY MARKET	22845 11087	- -	- -	22845 11087
GILT	7441 3787	- -	- -	7441 3787
ELSS	514 380	1088 1000	- -	1602 1380
TOTAL	118328 82352	3335 10101	115 14476	121778 106929

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.

ASSETS UNDER MANAGEMENT AS ON SEPTEMBER 30, 2003 - MEMBER WISE

TABLE - 5

(Rs. in crores)

Sr. No.	Name of the Asset Management Company	Assets under Management
A	BANK SPONSORED	
1	BOB Asset Management Co. Ltd.	313
2	Canbank Investment Management Services Ltd.	1607
3	PNB Asset Management Co. Ltd.	147
4	SBI Funds Management Ltd.	4470
5	UTI Asset Management Company Pvt. Ltd	16458
	TOTAL A	22995
B	INSTITUTIONS	
1	GIC Asset Management Co. Ltd.	257
2	IL & FS Asset Management Co. Ltd.	2092
3	Jeevan Bima Sahayog Asset Management Co. Ltd.	3869
	TOTAL B	6218
C	PRIVATE SECTOR	
(i)	INDIAN	
1	Benchmark Asset Management Co. Pvt. Ltd.	21
2	Cholamandalam Asset Management Co. Ltd.	1167
3	Escorts Asset Management Ltd.	113
4	First India Asset Management Private Ltd.	234
5	J.M. Capital Management Pvt. Ltd.	4015
6	Kotak Mahindra Asset Management Co. Ltd.	3913
7	Reliance Capital Asset Management Ltd.	6657
8	Sundaram Asset Management Company Ltd.	1912
	TOTAL C(i)	18032
(ii)	FOREIGN	
1	Principal Asset Management Co. Ltd	2607
	TOTAL C(ii)	2607
(iii)	JOINT VENTURES - PREDOMINANTLY INDIAN	
1	Birla Sun Life Asset Management Co. Ltd.	8298
2	Credit Capital Asset Management Co. Ltd.	127
3	DSP Merrill Lynch Fund Managers Ltd.	4179
4	HDFC Asset Management Co. Ltd.	13191
5	Tata TD Asset Management Private Ltd.	2661
	TOTAL C(iii)	28456
(iv)	JOINT VENTURES - PREDOMINANTLY FOREIGN	
1	Alliance Capital Asset Management (India) Pvt. Ltd.	2227
2	Deutsche Asset Management (India) Pvt. Ltd.	1929
3	HSBC Asset Management (India) Private Ltd.	2482
4	ING Investment Management (India) Pvt. Ltd.	880
5	Morgan Stanley Investment Management Pvt. Ltd.	1081
6	Prudential ICICI Asset Management Co. Ltd.	13719
7	Standard Chartered Asset Mgmt Co. Pvt. Ltd.	7475
8	Sun F & C Asset Management (India) Pvt. Ltd.	274
9	Templeton Asset Management (India) Pvt. Ltd.	13403
	TOTAL C(iv)	43470
23	TOTAL C (i+ii+iii+iv)	92565
31	TOTAL (A+B+C)	121778

Association of Mutual Funds in India

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