



AMFI



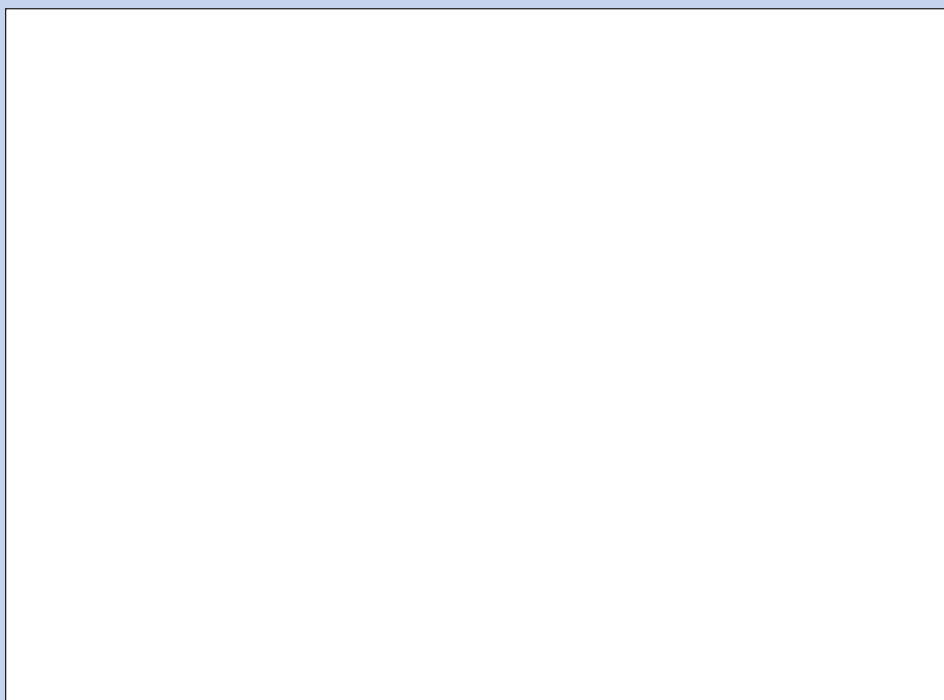
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UPDATE

A Newsletter of The Association of Mutual Funds in India

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A Land Mark in the History of Indian Mutual Fund Industry



Shri D.R. Mehta Chairman SEBI launching the AMFI Mutual Fund
Certification Programme for distributors and employees





From the Chairman's Desk

Agent distributors play a significant role in promoting mutual fund industry and in protecting the interest of investors. They not only motivate the investors but they are also the link between mutual funds and investors, providing relevant information, guiding and serving them. AMFI has always been conscious of the need for building a cadre of trained and tested distributors. It was in recognition of this need, that AMFI took the first initiative of developing a well-structured training programme, which was launched in April 1998. This is an ongoing programme, and so far we have covered 13 cities and a large number of agent distributors.

The second major step taken by AMFI in this area is to launch the much needed certification programme for agent distributors and employees. For more than a year, a special committee of AMFI has been working on the certification programme and we are happy that it has been flagged off by the Chairman, SEBI. With the support of all our members, the community of agent distributors, banks and others we hope to make this programme a major initiative to professionalise distribution and to build a cadre of trained distributors for the benefit of the investors.

Yours,

A. P. Kurian

14-8-2000



AMFI Mutual Fund Testing and Certification Programme launched by Shri D.R. Mehta-Chairman SEBI

The AMFI Committee on Mutual Fund Testing Programme with Shri Ajai Kaul of Alliance Capital as Chairman and with Shri Ajay Srinivasan of Prudential ICICI, Shri Ashish Chauhan of NSE and Shri D. C. Anjaria a Consultant as members, has finalised the testing programme covering preparation of workbook, question bank and the automated testing system in association with the National Stock Exchange.

The Testing programme for distributors and employees of mutual funds was launched by Shri D.R. Mehta-Chairman SEBI on 27th July, 2000 by releasing the workbook and presenting certificates to the first batch of successful distributors. Shri Mehta appreciated the initiative taken by AMFI. Prof. J. R Varma, Member, SEBI Board, Shri Ashok Kacker, Executive Director, SEBI, Shri P.S. Subramanyam, Chairman, UTI, Dr. R.H. Patil, Managing Director, NSE and Shri Ravi Narain, Deputy Managing Director, NSE, spoke on the occasion - all of them emphasising the need for a certification programme.

AMFI has bought out a comprehensive workbook which deals with all the relevant subjects such as fund structure, accounting, valuation etc. with supporting documents like the Mutual Fund Regulations, standard offer document etc. The workbook is both a textbook and a working manual. AMFI Mutual Fund Testing programme is a module of the NSE's certification in Financial Market (NCFM). This is an automated on-line examination conducted on computer with multiple options for each question. Presently the test is conducted by NSE centers at Mumbai, New Delhi, Ahmedabad, Hyderabad, Calcutta, Chennai and Pune.

Though the programme is offered on a voluntary basis, AMFI has requested SEBI to make it mandatory over a period of time.

AMFI has brought out a special brochure on the Testing programme giving all the relevant details and the same is hosted on our website. (www.amfiindia.com)

The Unit Trust of India Institute of Capital Markets (UTI ICM) will be organising training classes and workshops for distributors and employees so as to enable them to take the test. The first 2 days' workshop is planned on 16th and 17th September, 2000 at UTI ICM, Plot 82, Sector 17, Vashi, Navi Mumbai - 400 705 Tel No. 789 2851/2824

AMFI in association with Indian Institute of Bankers will also be organising conventional written examination, details of which will be announced later.

SEBI UPDATE

Prof. J. R. Varma, the IIM Ahmedabad Professor, took charge as the first full time Board member of SEBI on May 22, 2000. He will be overseeing the portfolios of Mutual Funds, derivatives, depositories, investor grievances, employee stock options and credit rating agencies.

SEBI has revised the compliance test report to be submitted by the mutual fund to include details regarding investor services, effective from June 30, 2000

The Accounting Standard Committee of SEBI has made final recommendations to SEBI based on the suggestions submitted by AMFI, on the uniform valuation methodology for Non-traded debt instruments and thinly/infrequently traded equity securities. SEBI will be issuing suitable guidelines, which will bring about uniformity in the valuation methodology.

COMMITTEE UPDATE

Committee On Non Performing Assets.

The final report giving recommendations regarding recognition, provisioning and disclosure of NPA's of the committee headed by Shri Niamatullah of SBI Mutual fund with R. G. Sharma of LIC Mutual, Shri D. S. R. Murthy of Unit Trust of India, Shri Madhavan Menon of Birla Mutual, Shri Dileep Madgavkar of Prudential ICICI and Shri B. Swaminathan of Templeton as members has been considered by the committee on Accounting Standards of SEBI and SEBI is expected to issue suitable guidelines soon.



Committee on Guidelines for trading in Securities by employees of AMC and Mutual Fund

A committee under the Chairmanship of Shri M. M. Kapur of Unit Trust of India with Shri K. V. Hegde of Canbank Mutual, Shri M. Lakshman Kumar of Prudential ICICI and Shri Hormuz Bulsara of Tata Mutual as members has been constituted to formulate uniform guidelines for trading in securities by employees of AMC and Mutual Funds.

TRAINING PROGRAMME

Chairman AMFI continued to conduct half-day session on concept and working of mutual funds for the Executives of Stock Holding Corporation India Limited at its training centre in Mumbai. During this quarter 5 such sessions were conducted.

A training programme on similar lines was also conducted by Chairman AMFI for Citibank executives at Bangalore and for the executives of Deutsche Bank at Mumbai.

INVESTOR EDUCATION

AMFI has taken the lead in co-sponsoring the Investor Education Programme along with UTI-Institute of Capital Markets and Stock Exchanges in different cities of the country. The programme includes sessions on investing in equity and debt instruments, mutual funds and tax planning. So far six such programmes have been conducted at Calcutta, Delhi, Mumbai, Chennai, Nashik and Ahmedabad. More cities will be covered in the coming months.

NEWS UPDATE

Consultative meeting of all the members

A consultative meeting of all the members alongwith their marketing heads was held on June 20, 2000 to formulate strategy for implementation of AMFI Testing Programme for distributors and employees of mutual funds.

New Member

AMFI welcomes HDFC Asset Management Company, a new member in the mutual fund fraternity.

AMFI IN OTHER COMMITTEES

The State Bank of India has set up a core group for establishing a clearing and settlement corporation. Chairman, AMFI is a member of this core group.

Chairman, AMFI has been nominated by SEBI as a member of its technical group for introducing new derivative products.

AMFI WEBSITE

During the quarter 6383 persons visited the website of which 46.29% were from abroad.

MUTUAL FUND INDUSTRY

The First quarter - April - June 2000 data is presented in tables 1, 2, 3 and 4

- 11 new schemes were launched, 3 income schemes, 4 growth schemes, 2 balanced schemes and 2 ELSS schemes.

All the new schemes, except for the Monthly Income scheme of UTI, were open ended schemes.

- The new schemes collected Rs. 992/- crores and the existing schemes mobilised Rs. 17646/- crores. Thus the total mobilisation was Rs. 18,638/- crores, registering an impressive growth of 113 percent over the amount collected in the corresponding quarter last year.
- The redemptions were Rs.14,168/- crores which were substantially higher than Rs. 4,362/- crores of corresponding quarter of last year.
- Assets under management at the end of the quarter were Rs. 10,7728/- crores - increase of 38% over the corresponding quarter of last year.



MUTUAL FUND DATA FOR THE FOURTH QUARTER APRIL - JUNE 2000

TABLE - 1

(Rs. In crores)

Category	No of Schemes Launched	Sales - All Schemes			Redemptions All Schemes	Total Assets Under Mgmt. As on 30.6.2000
		During the Quarter	From New Schemes	From Existing Schemes		
A Unit Trust of India	1	483	3372	3855 3924	2343 1916	72818 58567
B Bank Sponsored (6)	—	—	371	371 424	308 154	6337 5063
C Institutions (4)	—	—	538	538 141	639 166	3214 2595
D Private Sector						
I indian (5)	3	259	2002	2261 823	2017 537	2747 901
ii Joint Ventures - Predominantly Indian (7)	4	191	3849	4040 1460	3016 752	9439 3730
iii Joint Ventures - Predominantly Foreign (9)	3	59	7514	7573 1990	5845 837	13173 4015
Total (I+II+III)	10	509	13365	13874 4273	10878 2126	25359 8646
Grand total (A+B+C+D)	11	992	17646	18638 8762	14168 4362	107728 74871

Notes: (1) Assets Under Management of Unit Trust of India also at Market Price. (2) "Unit Trust of India figures are inclusive of Venture Capital, Offshore Funds & Development Reserve Fund." (3) Figures in brackets denote number of funds. (4) Data is provisional & hence subject to change. (5) "Figures in RED denote amount for corresponding period, last year."

SALES DURING THE QUARTER APRIL-JUNE 2000 - TYPE AND CATEGORY WISE

TABLE 2

2.1 New Schemes Launched During the Quarter

(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	2	129	—	—	1	483	3	612
Growth	4	308	—	—	—	—	4	308
Balanced	2	71	—	—	—	—	2	71
Liquid	—	—	—	—	—	—	—	—
Money Market	—	—	—	—	—	—	—	—
Gilt	—	—	—	—	—	—	—	—
ELSS	2	1	—	—	—	—	2	1
Total	10	509	—	—	1	483	11	992

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	43	5327	29	1	41	—	113	5328
Growth	67	2892	38	109	—	—	105	3001
Balanced	17	2046	6	—	—	—	23	2046
Liquid	15	5248	—	—	—	—	15	5248
Money Market	3	352	—	—	—	—	3	352
Gilt	13	1516	—	—	—	—	13	1516
ELSS	13	155	52	—	—	—	65	155
Total	171	17536	125	110	41	—	337	17646

**2.2 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	45	5456	29	1	42	483	116	5940
Growth	71	3200	38	109	—	—	109	3309
Balanced	19	2117	6	—	—	—	25	2117
Liquid	15	5248	—	—	—	—	15	5248
Money Market	3	352	—	—	—	—	3	352
Gilt	13	1516	—	—	—	—	13	1516
ELSS	15	156	52	—	—	—	67	156
Total	181	18045	125	110	42	483	348	18638

REDEMPTION / REPURCHASE DURING THE QUARTER APRIL - JUNE 2000**TABLE 3****(Rs. in crores)**

	Open End	Close End	Assured Return	Total
Income	4101	30	43	4174
Growth	2462	243	—	2705
Balanced	797	69	—	866
Liquid	4261	—	—	4261
Money Market	456	—	—	456
Gilt	1654	—	—	1654
ELSS	18	34	—	52
Total	13749	376	43	14168

Note :

** Figures in RED denote amount for corresponding period, last year."

** Change in classification of US - 64 from Open end - Income to Open end - Balanced, from April '99"

ASSETS UNDER MANAGEMENT AS ON 30TH JUNE 2000**TABLE 4****(Rs. in crores)**

	Open End	Close End	Assured Return	Total
Income	21310 14007	5251 5702	22969 19021	49530 38730
Growth	14692 6774	10880 7081	—	25572 13855
Balanced	24143 17117	1145 1122	—	25288 18239
Liquid	2346 980	—	—	2346 980
Money market	622 661	—	—	622 661
Gilt	2091 280	—	—	2091 280
ELSS	576 179	1703 1947	—	2279 2126
Total	65780 39998	18979 15852	22969 19021	107728 74871

Association of Mutual Funds in India

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