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UPDATE

A Newsletter of The Association of Mutual Funds in India

January - March, 2004 Vol : III. Issue : IV



Shri G. N. Bajpai Chairman SEBI with some of the delegates at Ninth Asia Oceania Regional Meeting, New Delhi, March 2004



Chairman SEBI discussing with Mr. Richard Gilbert of Australia. On his right are Mr. A.P. Kurian, Chairman, AMFI and Mr. Artemio Tanchoco of Philippines.

FROM THE CHAIRMAN'S DESK

The Indian Mutual Fund Industry represented by AMFI had the unique distinction to host the international conference of mutual fund associations in the Asia Oceania region. The region comprising countries from Sri Lanka to New Zealand has a tradition of holding an annual gathering of Investment Fund Associations. For the first time, India received the honour of hosting the Ninth Asia Oceania Regional Meeting in New Delhi during the first week of March, 2004.

11 Countries viz Australia, Bangladesh, China, Hongkong, Japan, Korea, Malaysia, Pakistan, Philippines, Singapore and Taiwan attended the meeting, the largest number of countries ever attending such a meeting. A brief report appears in this issue. What is significant and a gratifying experience to report is the fact that we all realised that Indian Mutual Fund industry has today reached a stage and a status that it could be considered as one of the best in terms of many standards. Be it offer document, be it valuation, be it transparency and disclosure, be it fees and expenses, be it certification of agent / distributors, be it the role played by the regulator in promoting the industry, be it the best practices on several operational issues, the Indian Mutual Fund Industry is not only following the best in the world, but is today setting standards and practices that could be followed even by developed countries. This is a credit both, to SEBI for its proactive developmental initiatives and strict regulatory role, and to the industry players for their responsiveness and ability to do the best.

It was such a heartening and enriching experience to have interacted with Mutual Fund Industry representatives from countries as close as Pakistan to those as distant as Australia. We welcomed them as participants and visitors to our country, and they all went back as friends of India and the Indian Mutual Fund Industry.

The year 2003-2004 gone by had yet another milestone; it was the year in which the industry had the highest net mobilisation of Rs. 46,809 crores so far. Also, the net mobilisation under equity schemes at Rs. 7,684 crores surpassed the previous levels.

As the industry marches on to set new milestones, let us develop it on healthy and ethical lines.

Yours,



A. P. Kurian
May 17, 2004

SEBI UPDATE

Guidelines for Participation by Mutual Funds in Derivatives Trading

SEBI/IMD/CIR No. 4/2627/ 2004 - February 6, 2004

SEBI vide the above circular has issued clarifications on the earlier circular on participation of mutual funds in derivatives trading.

Mentioning of bank account number and PAN by investors

SEBI/IMD/CIR No. 6/ 4213/04 - March 1, 2004

As per the above circular, investors are required to record their Permanent Account Number (PAN) in case the investment made is Rs. 50,000 or more or where the same has not been allotted, the GIR number and the income-tax Circle/Ward/District should be mentioned. In case where neither the PAN nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the application form.

Any application form without these details should not be accepted by the mutual fund.

SEBI (Central Database of Market Participants) Regulations, 2003

(MAPIN/Cir 14/2004 - March 18, 2004)

SEBI has issued certain clarifications on the earlier circulars issued on the above subject.

Investment in foreign securities by Mutual Funds

SEBI/IMD/Cir No. 7/5573/04 - March 19, 2004

Sebi has clarified that each mutual fund can invest in foreign securities up to 10% of their net assets as on January 31 of each relevant year.

Uniform cut-off timings for applicability of Net Asset Value (NAV) of Mutual Fund schemes/plans.

SEBI/IMD/CIR No. 8/5611/ 2004 - March 19, 2004 &

SEBI/IMD/Cir No. 9/6016/2004 - March 25, 2004

SEBI has issued detailed guidelines on the uniform cut-off timings for applicability of Net Asset Value (NAV) of mutual fund schemes/plans. These guidelines are applicable both to the existing as well as new schemes except international funds.

SEBI ADVISORY COMMITTEE

The thirteenth meeting of the SEBI Advisory Committee on mutual funds, chaired by Shri B.G. Deshmukh was held on March 24, 2004. Various issues regarding mutual funds, investor education programme etc. were discussed.

GENERAL MEMBERSHIP MEETING

A general membership meeting was held at Mumbai on March 19, 2004. Reports of the working groups on service tax, simplification of Key Information Memorandum (KIM), Overseas Investment by Indians through mutual funds etc. were discussed.

Workshop for compliance officers

A workshop for compliance officers to examine operational areas so as to evolve common standards and practices wherever feasible was conducted on April 2, 2004 at Mumbai. SEBI officials interacted with the compliance officers on various queries/clarifications sought by them.

9TH ASIA OCEANIA REGIONAL MEETING HOSTED BY AMFI

March 3 to 7, 2004 at New Delhi

AMFI hosted the 9th Asia Oceania Regional Meeting of International Investment Fund Associations in the Asia Oceania Region covering Australia, Bangladesh, China, Hong Kong, Japan, Korea, Malaysia, Pakistan, Philippines, Singapore and Taiwan. The meeting was attended by 26 international and 7 Indian delegates representing the investment fund associations, mutual funds and the regulators.

Besides Chairman, AMFI, Shri S.K.Mitra of Birla Sun Life, Shri Krishnamurthy Vijayan of JM, Shri Sanjay Prakash of HSBC, Shri Alok Vajpeyi of DSP Merrill Lynch, Shri R. Balakrishnan of Sahara and Shri Clifford D'Souza of Morgan Stanley Mutual Funds representing the Indian industry attended the Regional Meeting.

Each country presented a report and some general subjects of topical interest covering areas such as fees and expenses, cut-off timing, risk management, building investor confidence, role of investment fund associations and advantages and disadvantages of SRO were also discussed. The Conference Theme, "Share Experience, Inspire Confidence", was chosen to convey the underlying objective of learning from each others' experience and to build confidence among investors.

There was a luncheon address by Shri G.N. Bajpai, Chairman, SEBI on 6th of March.

The Meeting gave an opportunity to update developments taking place in various areas such as regulations, valuation, sales and marketing, product innovation etc. Each country shared its experience and views on the various subjects in the agenda and the exchange of ideas were extremely helpful to all the participants. Discussions were also held on greater interaction and intra-region investments.

AMFI was elected as the co-ordinator among fund associations in the region till the next regional meeting at Manila, Philippines. AMFI is now entrusted with the responsibility of hosting an interactive intranet website to be made accessible to investment fund associations in the region and to promote intra region exchange of developments in the oceania region. AMFI has prepared a draft proposal in this regard which is now being finalised in consultation with the Investment Funds Associations in the region .

AMFI is thankful to the support received by way of sponsorship from Birla Sun Life, Canbank, DSP Merrill Lynch, Sahara, HSBC, JM, Morgan Stanley, Prudential ICICI, SBI Mutual, Standard Chartered, Tata, Franklin Templeton and UTI Mutual Fund.

We are also thankful to CRISIL for their sponsorship.

All the delegates were impressed with the professionalism with which the meeting was organized and all of them commended the AMFI Organising Committee for the excellent arrangements. AMFI would like to place on record its appreciation to Shri S.K. Mitra for his guidance, involvement and encouragement and to Shri Krishnamurthy Vijayan for the considerable time and effort he devoted to organize the meet and in preparing a presentation on India.

COMMITTEES/WORKING GROUPS

Committee on Valuation

The committee on valuation has been reconstituted and is now being headed by Shri Milind Barve of HDFC Mutual Fund.

Working Group on Fund Accounting Fees

The final report of the working group on fund accounting fees headed by Shri Sandeep Dasgupta of Deutsche has been presented to SEBI for issuing appropriate guidelines.

Working group on Overseas Investment by Indians through Mutual Funds

AMFI had set up a working group headed by Shri Alok Vajpeyi of DSP Merrill Lynch to examine the subject and to formulate suitable guidelines to enable Indian Mutual Funds to offer products and opportunities for Indians to invest abroad.

The report of the above working group, has been presented to SEBI for consideration and issuance of necessary guidelines.

Working Group on simplification of Key Information Memorandum

The report of the working group on simplification of Key Information Memorandum headed by Shri Lalit Vermani of Birla Sun Life was presented to SEBI.

NEW COMMITTEES/WORKING GROUPS

Committee on mutual fund investing in commodity derivatives

A committee has been constituted under the chairmanship of Shri Sanjiv Shah of Benchmark and with Shri Navneet Munot of Birla Sun Life, Shri Saurabh Sonthalia of DSP Merrill Lynch, Shri Sandesh Kirkire of Kotak, Shri Ranganath Athreya of Prudential ICICI, Shri Sanjay Sinha of UTI Mutual Fund, Shri P H Ravikumar of NCDEX and Shri Joseph Massey of MCX as its members to study the possibilities and scope of mutual funds investing in commodity derivatives.

Working group on capital guaranteed schemes

A working group on capital guaranteed scheme has been formed to examine the regulatory and other related issues in formulating such product in Indian context. Shri Naval Bir Kumar of Standard Chartered is the convenor of this group and other members are Shri Sanjay Prakash of HSBC, Shri Ajay Bagga of Kotak, Shri Alok Vajpeyi of DSP Merrill Lynch, Shri Nilesh Shah of Prudential ICICI and Shri A. K. Sridhar of UTI Mutual Fund.

AMFI on other Committees

Chairman AMFI has been appointed as a member of the RBI's Technical Advisory Committee (TAC) on Money, Foreign Exchange and Government Securities Markets.

Meetings and Seminars

Chairman AMFI was the chief guest at 'The Special Distributors Meet' organized by Reliance Mutual Fund at Cochin where he inaugurated their new branch office on February 11, 2004.

Chairman AMFI made a presentation on "Mutual Funds - a better Investment Option" at the National Summit on 'Emerging role of Mutual Funds in Wealth Management' organized by The Associated Chambers of Commerce and Industry of India on March 27, 2004 at Delhi.

Chairman AMFI made a presentation on Indian mutual fund industry at an Annual Get together of the Indian Specialty Chemical Manufacturer's Association on April 23, 2004 at Mumbai.

Chairman AMFI took a session on 'Real Estate Mutual Funds' at a seminar on REALTY 2004 organised by the Confederation of Indian Industry on April 23, 2004 at Mumbai.

Investor Awareness Programme

Chairman AMFI took a session on 'Mutual Funds' at the seminar on personal investment avenues 'Invest Futura '04' on March 13, 2004 at Trivandrum.

AMFI Certification and Registration Programme

As on April 30, 2004, 63,983 agent / distributors across the country have appeared for the AMFI Certification Test and 34,300 have passed.

The total number of agent / distributors registered with AMFI as on April 30, 2004 were 21,188 of which 17,430 were individual distributors, 1,487 corporate distributors and 2,271 corporate employees.

Information on AMFI Registered Mutual Fund Advisor (ARMFA) on AMFI website

Investors now have access to the details of ARMFA from any particular location across the country through www.amfiindia.com. One can click on the link 'ARN Search' on the home page of www.amfiindia.com. The details of ARMFA can be viewed by specifying any/all search criteria. The search criteria include AMFI Registration Number (ARN), Name of ARMFA, City, or local area. The ARMFA list gives details of Name, Location (City), Tel nos, Address of ARMFA alongwith ARN validity date.

WELCOME TO NEW DIRECTORS

Shri Pankaj Razdan, Managing Director Prudential ICICI Asset Mgmt. Co., Shri T.P. Raman, Managing Director Sundaram Asset Management Co. and Shri Krishnamurthy Vijayan, Chief Executive Officer of J.M. Capital Management have been inducted to the Board of AMFI effective from March 22, 2004 .

MUTUAL FUND INDUSTRY

A] Fourth quarter January-March, 2004

The Fourth quarter January-March 2004 data are presented in tables 1 to 5.

- During the quarter 15 new schemes were launched which mobilized Rs.2906 crores.
- Total sales during the quarter aggregated Rs.1,67,820 crores registering a growth of 66% over the corresponding quarter last year.
- Redemptions were at Rs. 1,67,326 crores which were 50% more than the redemptions of last year's corresponding quarter.

- The data on sales, redemption and assets under management pertaining to Fund of Funds are given in table 5.

B] Annual Data April 2003-March 2004

- The Annual Data for April 2003-March 2004 is given in table 6. Table 7 gives data on Assets under Management for each of the Asset Management Companies.
- 46 new schemes as against 53 schemes last year were launched during the year 44 of which were open ended and 2 close ended. Income schemes predominated with 29 schemes collecting Rs.6,008 crores which accounted for 70 percent of total collection of Rs.8,549 crores from new schemes during the year as against Rs. 3,845 crores last year.
- Aggregate sale of all the 403 schemes amounted to Rs. 5,90,190 crores registering an increase of 88% over last year.
- Redemptions during the year were at Rs.5,43,381 crores an increase of 80% over last year.
- The net mobilization were thus Rs.46,809 crores as compared to Rs.13,448 crores last year.
- The Assets under Management as at the end of the quarter were Rs.1,39,616 crores, an increase of 76% over last year's level of Rs.79,464 crores.

MUTUAL FUND DATA FOR THE FOURTH QUARTER JANUARY - MARCH 2004

TABLE - 1

(Rs. in crores)

Category	No. Of Schemes Launched During the Quarter	Sales - All Schemes				Redemptions All Schemes		Total Assets Under Mgmt. As on 31.03.2004
		From New Schemes	From Existing Schemes	Total for the Quarter	Total for the Year	Total for the Quarter	Total for the Year	
A Bank Sponsored (5)	1	41	18017	18058 6167	46661 18152	16302 7961	43183 17782	28085 18007
B Institutions (3)	-	-	6899	6899 5720	21897 17535	7237 6599	19796 16121	6539 5935
C Private Sector								
(i) Indian (8)	4	1192	37552	38744 30098	143050 83351	38910 30565	133131 79341	19885 10180
(ii) Foreign (1)	1	65	6852	6917 -	21089 -	6617 -	19248 -	3633 -
(iii) Joint Ventures - Predominantly Indian (5)	2	533	38229	38762 21641	140545 71513	37863 24074	127280 68333	33143 15459
(iv) Joint Ventures - Predominantly Foreign (9)	7	1075	57365	58440 37471	216948 124122	60397 42270	200743 119648	48331 29883
Total C (i+ii+iii+iv)	14	2865	139998	142863 89210	521632 278986	143787 96909	480402 267322	104992 55522
Grand Total (A+B+C)	15	2906	164914	167820 101097	590190 314673	167326 111469	543381 301225	139616 79464

Notes:

- 1 Data is provisional & hence subject to revision.
- 2 Figures in bracket denote number of funds
- 3 Figures in **RED** denote figures for corresponding period of last year.

SALES DURING THE QUARTER JAN - MAR 2004 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	8	2048	1	110	-	-	9	2158
Growth	6	748	-	-	-	-	6	748
Balanced	-	-	-	-	-	-	-	-
Liquid/Money Market	-	-	-	-	-	-	-	-
Gilt	-	-	-	-	-	-	-	-
ELSS	-	-	-	-	-	-	-	-
Total	14	2796	1	110	-	-	15	2906

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	112	35023	10	^1908	-	-	122	36931
Growth	118	9173	2	-	-	-	120	9173
Balanced	34	616	3	-	-	-	37	616
Liquid/Money Market	36	116312	-	-	-	-	36	116312
Gilt	30	1847	-	-	-	-	30	1847
ELSS	19	35	24	-	-	-	43	35
Total	349	163006	39	1908	-	-	388	164914

^ 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	120	37071	11	2018	-	-	131	39089
Growth	124	9921	2	-	-	-	126	9921
Balanced	34	616	3	-	-	-	37	616
Liquid/Money Market	36	116312	-	-	-	-	36	116312
Gilt	30	1847	-	-	-	-	30	1847
ELSS	19	35	24	-	-	-	43	35
Total	363	165802	40	2018	-	-	403	167820

***New Schemes :**

Open End Income : SBI Magnum NRI Investment Fund, Deutsche MIP Fund, Sundaram Monthly Income Plan, ING Vysya MIP Fund, HSBC MIP, Birla FMP 1 YR Plan Group 14, Tata MIP Plus Fund & JM FMP Fund

Open End Growth : Kotak Mahindra Global India Scheme, Deutsche Investment Opportunity Fund, ING Vysya Nifty Plus Fund, ING Vysya Tax Savings Fund, HSBC India Opportunities Fund & Principal Global Opportunities Fund

Close End Income : Kotak FMP (8)

**TABLE - 3
REDEMPTION / REPURCHASE DURING THE QUARTER
JANUARY - MARCH 2004**

(Rs. in crores)

	Open End	Close End	Assured Return	Total
INCOME	47859	713	1	48573
GROWTH	6394	4	-	6398
BALANCED	761	14	-	775
LIQUID/MONEY MARKET	108649	-	-	108649
GILT	2817	-	-	2817
ELSS	55	59	-	114
TOTAL	166535	790	1	167326

**TABLE - 4
ASSETS UNDER MANAGEMENT AS ON 31ST MARCH 2004
TYPE AND CATEGORY WISE**

(Rs. in crores)

	Open End	Close End	Assured Return	Total
INCOME	60854 46587	1670 617	- 360	62524 47564
GROWTH	22154 8041	1459 1846	- -	23613 9887
BALANCED	3296 2449	784 692	- -	4080 3141
LIQUID/MONEY MARKET	41704 13734	- -	- -	41704 13734
GILT	6026 3910	- -	- -	6026 3910
ELSS	489 350	1180 878	- -	1669 1228
TOTAL	134523 75071	5093 4033	- 360	139616 79464

NOTE : Figures in RED denote amount for corresponding period, last year.

TABLE - 5
DATA ON FUND OF FUNDS - JANUARY - MARCH 2004

(Rs. in crores)

	No. Of Schemes	Sales		Redemption		Assets under Management as on 31.03.2004
		Total for the quarter	Total for the year	Total for the quarter	Total for the year	
Fund of Funds	8	513	1189	338	413	815

Note: Fund of Funds is a scheme wherein the assets are invested in the existing schemes of mutual funds and hence, the figures indicated herein are included in tables 1 to 4 and 7. Data on fund of funds is given for information only.

TABLE - 6
ANNUAL DATA

6.1 New Schemes Launched during the year April 2003 - March 2004

(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	27	5818	2	190	-	-	29 32	6008 3175
Growth	10	1164	-	-	-	-	10 17	1164 411
Balanced	2	109	-	-	-	-	2 1	109 -
Liquid/Money Market	3	1124	-	-	-	-	3 2	1124 257
Gilt	2	144	-	-	-	-	2 1	144 2
ELSS	-	-	-	-	-	-	-	-
Total	44 47	8359 3731	2 6	190 114	-	-	46 53	8549 3845

6.2 Total Sales during the year April 2003 - March 2004**(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	120	170229	11	2710	-	-	131 117	172939 109423
Growth	124	26642	2	-	-	-	126 120	26642 4618
Balanced	34	2523	3	-	-	-	37 35	2523 361
Liquid/Money Market	36	375646	-	-	-	-	36 32	375646 195047
Gilt	30	12387	-	-	-	-	30 31	12387 5202
ELSS	19	53	24	-	-	-	43 47	53 22
Total	363 329	587480 314206	40 47	2710 467	- 6	- -	403 382	590190 314673

6.3 Total redemption during the year April 2003 - March 2004**(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		158636		1498		10		160144 100408
Growth		18879		79		-		18958 3917
Balanced		2504		32		-		2536 756
Liquid/Money Market		351069		-		-		351069 190042
Gilt		10155		-		-		10155 5892
ELSS		203		316		-		519 210
Total		541446 300646		1925 519		10 60		543381 301225

Figures in red denote amount for corresponding period, last year

ASSETS UNDER MANAGEMENT AS ON MARCH 31, 2004 - MEMBER WISE

TABLE - 7

(Rs. in crores)

Sr. No.	Name of the Asset Management Company	Assets under Management
A	BANK SPONSORED	
1	BOB Asset Management Co. Ltd.	454
2	Canbank Investment Management Services Ltd.	1698
3	PNB Asset Management Co. Ltd.	114
4	SBI Funds Management Ltd.	5202
5	UTI Asset Management Company Pvt. Ltd	20617
	TOTAL A	28085
B	INSTITUTIONS	
1	GIC Asset Management Co. Ltd.	234
2	IL & FS Asset Management Co. Ltd.	2096
3	Jeevan Bima Sahayog Asset Management Co. Ltd.	4209
	TOTAL B	6539
C	PRIVATE SECTOR	
(i)	INDIAN	
1	Benchmark Asset Management Co. Pvt. Ltd.	71
2	Cholamandalam Asset Management Co. Ltd.	1125
3	Escorts Asset Management Ltd.	156
4	J.M. Capital Management Pvt. Ltd.	3644
5	Kotak Mahindra Asset Management Co. Ltd.	5290
6	Reliance Capital Asset Management Ltd.	7241
7	Sahara Asset Management Co. Pvt. Ltd.	349
8	Sundaram Asset Management Company Ltd.	2009
	TOTAL C(i)	19885
(ii)	FOREIGN	
1	Principal Asset Management Co.Pvt. Ltd	3633
	TOTAL C(ii)	3633
(iii)	JOINT VENTURES - PREDOMINANTLY INDIAN	
1	Birla Sun Life Asset Management Co. Ltd.	8873
2	Credit Capital Asset Management Co. Ltd.	144
3	DSP Merrill Lynch Fund Managers Ltd.	5127
4	HDFC Asset Management Co. Ltd.	14985
5	Tata TD Asset Management Private Ltd.	4014
	TOTAL C(iii)	33143
(iv)	JOINT VENTURES - PREDOMINANTLY FOREIGN	
1	Alliance Capital Asset Management (India) Pvt. Ltd.	2091
2	Deutsche Asset Management (India) Pvt. Ltd.	2073
3	Franklin Templeton Asset Management (India) Pvt Ltd.	15187
4	HSBC Asset Management (India) Private Ltd.	4528
5	ING Investment Management (India) Pvt. Ltd.	1553
6	Morgan Stanley Investment Management Pvt. Ltd.	1361
7	Prudential ICICI Asset Management Co. Ltd.	14057
8	Standard Chartered Asset Mgmt Co. Pvt. Ltd.	7287
9	Sun F & C Asset Management (India) Pvt. Ltd.	194
	TOTAL C(iv)	48331
23	TOTAL C (i+ii+iii+iv)	104992
31	TOTAL (A+B+C)	139616

Note: The name of First India Asset Management Co. Ltd has been changed to Sahara Asset Management Co. Pvt. Ltd w.e.f March 19, 2004 and the name of Templeton Asset Management (I) Pvt. Ltd has been changed to Franklin Templeton Asset Management (I) Pvt. Ltd w.e.f March 15, 2004

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