

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:980
ANSWERED ON:10.07.2009
ABOLITION OF ENTRY LOAD BY SEBI
Rao Shri Sambasiva Rayapati

Will the Minister of FINANCE be pleased to state:

(a) whether Securities and Exchange Board of India (SEBI) has recently abolished entry load on the investment in mutual fund schemes; and

(b) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) : Yes, Sir.

(b) : SEBI has mandated that the upfront commission to distributors will be paid by investors directly and there shall be no entry load for all mutual fund schemes from August 1, 2009. A maximum of one percent of the redemption proceeds can be used by Asset Management Companies to pay commissions to the distributor and for marketing and selling expenses. All commissions payable to distributors from different competing schemes of various mutual funds have to be disclosed to investors.