

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:883  
ANSWERED ON:12.11.2010  
IRREGULARITIES IN MFS  
Sinh Dr. Sanjay;Yadav Shri M. Anjan Kumar

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government is aware of the irregularities in Mutual Funds;
- (b) if so, the details thereof for the last two years;
- (c) the details of companies / entities found guilty and those against whom action has been taken in this regard; and
- (d) the reasons for not taken action against the guilty, if any?

**Answer**

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

- (a): Yes, Sir.
- (b): The major types of irregularities noted by Securities and Exchange Board of India (SEBI) among mutual funds include violation(s) of advertisement guidelines, not taking prior approval for the merger of schemes, error in calculation of Net Asset Value, use of agent /distributors without proper certification, delay in NAV updation, non recording of rationale for inter scheme transfers and non disclosure of portfolio turnover ratio.
- (c): Details of action taken in the financial years 2008-09 and 2009-10 are annexed.
- (d): Appropriate action was taken against those who were found guilty.