

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:754  
ANSWERED ON:25.02.2011  
MUTUAL FUNDS QUESTION  
Premajibhai Dr. Solanki Kiritbhai

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

- (a) whether there is constant fluctuation in Indian Equity Industry;
- (b) if so, the details thereof for the last three months alongwith its impact on Mutual Fund market;
- (c) whether average Asset under Management (AuM) is decreasing by more than 5%;
- (d) whether during October to December, 2010 there is decline in 5.3%;
- (e) if so, the details of loss in each mutual fund company; and
- (f) the steps being taken to safeguard in interest of investors?

**Answer**

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

(a)& (b): Fluctuation is inherent in the equity markets. During the period November 2010 to January 2011 fluctuation in the Sensex, measured as volatility, ranged between 0.85% and 1.23% Over the same period, the Nifty volatility ranged between 0.87% to 1.23%. Fluctuations in the equity markets affect the valuation of Assets under Management (AUM). During the period 31st October 2010 to 31st January 2011. the AUM of equity oriented schemes declined about 10% whereas the AUM under all schemes rose by 7%.

(c): During the period November 2010 to January 2011, the average AUM for equity schemes declined by about 6.07% whereas average AUM under all schemes increased by about 2.07%.

(d): For the period October-December 2010 there has been a decline of 4.36% in the average AUM for equity oriented schemes and a decline of 6.35% in the average AUM for all schemes.

(e): Fluctuations in equity market affect only the valuation of AXJM. The details of decrease in average AUM for all schemes for the period October to December 2010 is annexed

(f): Mutual Funds are regulated under the Securities and Exchange Board of India (SEBI) (Mutual Funds) Regulations 1996 and various circulars issued thereunder. These protect the interests of the investors. Important initiatives taken by SEBI in the recent past in this regard include the following:

# abolition of entry load.

# ensuring parity among all classes of unit holders for exit load,

# permitting units of mutual funds schemes to be transacted through registered stock brokers of recognized stock exchanges,

# ensuring prominent display of standard warning of risk factors in audio visual and print media, and;

# mandating system audit of mutual funds, disclosure of annual reports and investor complaints received by mutual funds on their websites.