

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2709
ANSWERED ON:04.12.2009
EQUITY FUNDS FOR SMALL INVESTORS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that many corporate groups and financial institutions are opening their own equity funds to top small investors;
- (b) if so, the norms laid down in this regard;
- (c) the request received and approved by the Government during the last three years in this regard and funds raised by them during the period; and
- (d) the steps being taken to safeguard the interests of investors?

Answer

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

(a) & (b) : Yes, Sir. The sponsors have to fulfill all provisions regarding eligibility criteria as specified in SEBI (Mutual Fund Regulations) 1996. These include stipulations on positive net worth, track record of profit, mandatory contribution of 40% of net worth of the Asset Management Company by the sponsor among others.

(c) : 24 mutual fund applications were received by SEBI during the period 01/04/06 to 31/10/09 out of which 10 have been granted registration. The funds raised by and redeemed from these mutual funds are given in the table below:

| | Funds raised (in rupees crore) | Funds redeemed (in rupees crore) |
|---------|--------------------------------|----------------------------------|
| 2006-07 | 7848.65 | 6681.40 |
| 2007-08 | 1,50,236.66 | 1,44,640.44 |
| 2008-09 | 2,01,931.19 | 2,16,441.02 |
| 2009-10 | 2,07,222.53 | 1,92,845.31 |

(till 31st October 2009)

The asset under management of these funds as on October 31, 2009 is Rupees 25,410.72 crore.

(d) : SEBI has been issuing various regulations and circulars to safeguard the interests of the investors. In particular in the recent past SEBI has abolished entry load and ensured parity among all classes of unit holders for exit load. SEBI have also restricted exposure of liquid schemes to debt and money market securities with maturity upto 91 days only. Closed ended scheme are now required to compulsorily list in the stock exchanges.