

Mutual Funds

4.25 The mutual fund industry registered significant growth in the last two years. The investible resources of mutual funds rose from Rs.68,200 crore in 1998-99 to Rs.109114 crore in 1999-2000. The Union Budget for 2000-2001 increased the tax on dividends declared, distributed or paid by domestic companies and debt-oriented schemes of UTI/MFs from 11 per cent to 22 per cent, inclusive of surcharge. Exemption from payment of this dividend tax has been granted to US-64 and other equity-oriented open-ended schemes of UTI/MFs with over 50 per cent of their portfolio in equity.

4.26 Net resource mobilisation by mutual funds declined to Rs.6,846 crore in April-December, 2000 from Rs. 12,193 crore in the corresponding previous period. This was on account of the steep increase in redemption/repurchase during this period. The outflow of funds via repurchase/redemption constituted 88.7 per cent of gross resource mobilisation during April-December, 2000 compared with 66.0 per cent in the corresponding previous period. In the case of public sector mutual funds, redemption/repurchase exceeded gross resource mobilisation, thereby making their net resource mobilisation negative. The details of resource mobilisation by mutual funds may be seen from Table 4.6.

4.27 Mutual funds were net sellers of equity in April-December, 2000. Gross purchase of equity amounted to Rs. 12,612 crore while

gross sales amounted to Rs.12,884 crore, thereby making their net investment in equity negative during April-December, 2000. However, they were net buyers in debt during this period. As against their gross purchase at Rs.8066 crore, their net sale amounted to only Rs.4968 crore, thus resulting in net investment in debt amounting to Rs.3098 crore.

Item	Private	Public Sector	Sector	UTI	Total
Gross Inflow					
1998-99		7847	1671	13193	22710
1999-2000		43726	3817	13698	61241
1999-2000 (April-Dec.)		24576	1734	9605	35915
2000-2001 (April-Dec.)		47720	3112	9789	60622
Redemption*					
1998-99		6394	1336	15930	23660
1999-2000		28559	4562	9150	42271
1999-2000 (April-Dec.)		15511	2466	5742	23720
2000-2001 (April-Dec.)		39497	4969	9310	53776
Net inflow					
1998-99		1452	335	-2737	-949
1999-2000		15166	-744	4548	18969
1999-2000 (April-Dec.)		9064	-732	3862	12193
2000-2001 (April-Dec.)		8223	-1856	479	6846
*Includes repurchases as well as redemptions Source : SEBI					