

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1347
TO BE ANSWERED ON MONDAY, 01ST JULY/ ASHADHA 10, 1941 (SAKA)

DELAY IN PAYMENTS BY MUTUAL FUND HOUSES

QUESTION

1347. SHRI SISIR KUMAR ADHIKARI

Will the Minister of Finance be pleased to state:

- (a): whether the promoters of the mutual fund houses are delaying in making payments to the customers on closing requests;
- (b): if so, the detail of complaints which have been received by the Government in this regard;
- (c): the details of action taken by Government on these complaints; and
- (d): the rules of Securities and Exchange Board of India to ensure payments to the customers within stipulated time-frame?

ANSWER

FINANCE MINISTER (SMT. NIRMALA SITHARAMAN)

(a): Redemption requests made by the unit holders of the mutual fund schemes are paid by the respective schemes of the Mutual Fund. Further, the promoters of the mutual fund houses are not liable to make any payment to the unit holders of the Mutual Fund schemes in case of redemption requests.

(b) & (c): Not applicable as the payments are made by the respective schemes of the Mutual Fund.

(d): As per Regulation 53 of SEBI (Mutual Funds) Regulations, 1996, a mutual fund and Asset Management Company is required to dispatch the redemption proceeds within 10 working days from the date of redemption request made by the unit holder. In case of failures to dispatch the redemption proceeds within the stipulated time period, Asset Management Company is liable to pay interest as specified by SEBI from time to time (15% at present) for the period of delay. Further, notwithstanding payment of such interest to the unit-holders, the asset management company is liable for penalty for failure to dispatch the redemption or repurchase proceeds within the stipulated time.
