

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
LOK SABHA UNSTARRED QUESTION NO. 4921**

**TO BE ANSWERED ON MONDAY, 23<sup>rd</sup> MARCH, 2026/ CHAITRA 02, 1948 (SAKA)**

**“Suspension of New Investments in the Motilal Oswal Nifty Micro-cap 250 Index Fund”**

**QUESTION**

**4921. Shri Jagannath Sarkar**

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

(a) whether the Securities and Exchange Board of India (SEBI) has suspended new investments into the Motilal Oswal Nifty Micro-cap 250 Index Fund from 8 January, 2026 due to the absence of a recognised "micro-cap" category under the current mutual fund classification norms;

(b) if so, the details thereof including the timeline, basis and internal deliberations under which SEBI granted approval for the launch of the said micro-cap index fund in 2023 despite the apparent lack of a formal defining "micro-cap";

(c) whether SEBI undertook a detailed investor risk assessment before approving the scheme and if so, the details and findings thereof;

(d) the number of investors and total assets under management in the scheme at the time of suspension and the safeguards put in place to protect their interests; and

(e) the steps proposed to be taken by SEBI, including any revision of mutual fund categorisation rules, to prevent recurrence of regulatory ambiguity and to ensure clarity for market participants?

**ANSWER  
MINISTER OF STATE FOR FINANCE  
(SH. PANKAJ CHAUDHARY)**

(a) Yes.

(b) to (c): SEBI has informed that Motilal Oswal Asset Management Company Limited submitted the draft scheme information document for Motilal Oswal Nifty Microcap

250 Index Fund under fast-track processing route. SEBI has prescribed a detailed framework for scheme information documents, which is required to be complied with, for each scheme. The framework, inter-alia, includes detailed disclosures of all relevant risk factors and strategy for risk mitigations. Under the fast-track processing, an undertaking related to disclosures of all relevant risk and their mitigations is provided by the Chief Executive Officer (CEO) of the concerned Asset Management Company. Upon examination of the requisite documents i.e. Do's and Don'ts and Undertaking by CEO, SEBI issued its final observations vide letter dated March 20, 2023, on the said scheme.

- (d) There were 2,49,363 investors and ₹2622.48 crores of total asset under management as on the date of suspension of new investment under the scheme viz. January 08, 2026. To safeguard the interests of investors, new investments in schemes have been suspended and existing investors are allowed to redeem their investments.
- (e) To bring in clarity with respect to category of schemes, SEBI has issued a circular on Categorization and Rationalization of Mutual Fund Schemes on February 26, 2026, which provides classifications and categories of schemes that Mutual Funds are allowed to launch by following the due process.

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