

MINT

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Capital Market & SEBI

After a temporary pause, asset management companies are gearing up to launch new mutual fund schemes from the next month as capital markets regulator Sebi's three-month ban on the introduction of new fund offerings nears its end.

Moreover, asset management companies (AMCs) have a line-up of passive funds on the fixed income and equity side as well as selective launches in certain categories to fill product gaps.

The Securities and Exchange Board of India (Sebi) had discontinued the launch of NFOs until the new systems concerning pool accounts were determined and the regulator had set July 1 as the deadline for the implementation of the new system.

So far this month, at least six AMCs -- including PGIM India Mutual Fund (MF), Sundaram MF, Baroda BNP Paribas MF, LIC MF and Franklin India MF -- have filed offer documents with Sebi seeking its approval to launch new schemes.

Apart from these, draft papers were submitted with the regulator for 15 schemes during April-May by a dozen fund houses.

"It seems the NFO launch season is going to be back starting next quarter. For two quarters, the bandwidth of AMCs got consumed in making the relevant changes in the movement of customers' money as Sebi directed them to discontinue the use of pool accounts. Further, at the same time, markets also became very volatile," Swapnil Bhaskar, Head of Strategy, Niyo - neo-banking platform for millennials, said.

Going forward, some AMCs will start launching new fund offerings (NFOs) as new processes are in place and they are seeing value in the market due to the correction, he added.

Kaustubh Belapurkar, Director – Manager Research, Morningstar Investment Adviser India, said that given the temporary pause on new fund launches over the past few months, asset managers will look to launch these funds as the scenario returns to normal.

"Asset managers have a line-up of passives both on the fixed income and equity side as well as selective launches in certain categories to fill product gaps," he added.

Pooling of investor's funds and units by stockbrokers and clearing members in any manner and by the mutual fund investment advisors or distributors (wherever it was taking place) for mutual fund transactions was to be discontinued from April 1.

However, after mutual discussion and agreement, Sebi gave the mutual fund industry extended timelines until July 1 to enable the industry to bring a high level of operational efficiency in the interest of investors and efficient functioning of mutual fund subscriptions and redemption.

According to Sandeep Bagla, CEO of Trust MF, most intermediaries have re-engineered their processes to take care of Sebi's concerns on pool accounts. Mutual funds are looking forward to launching NFOs in July.

NFOs lead to good participation from investors and also increased activity from distributors as well.

"The distribution industry and other service providers/platforms are in the process of complying with the regulatory requirements and we are hopeful of approval to launch NFOs during the next quarter," Prateek Pant, Chief Business Officer - WhiteOak Capital Asset Management, said.

He, further, said that WhiteOak Capital AMC is keenly awaiting the launch of its first equity NFO -- WhiteOak Capital Flexicap fund -- and over the next 6 months, it plans to launch other equity products across different categories like Midcap, Largecap, and Tax Saver.

The Sebi's diktat impacted the launch of new schemes as the ongoing financial year 2022-23 saw the introduction of only four NFOs that garnered a total of 3,307 crore, with ICICI Prudential Housing Opportunities Fund taking in the lion's share of 3,159 crore.

In 2021-22, AMCs launched 176 new fund offerings (NFOs) garnering a whopping 1.08 lakh crore. In comparison, 84 NFOs were floated in 2020-21 and cumulatively, these funds were able to mobilise 42,038 crore. PTI SP BAL BAL

This story has been published from a wire agency feed without modifications to the text. Only the headline has been changed.

Log in to our website to save your bookmarks. It'll just take a moment.

Oops! Looks like you have exceeded the limit to bookmark the image. Remove some to bookmark this image.

Your session has expired, please login again.

You are now subscribed to our newsletters. In case you can't find any email from our side, please check the spam folder.

This is a subscriber only feature [Subscribe Now](#) to get daily updates on WhatsApp

END

Downloaded from [crackIAS.com](https://crackias.com)

© **Zuccess App** by [crackIAS.com](https://crackias.com)