

Violations of Advertising norms by Mutual Funds

*342. SHRI DHARAM PAL SABHARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Securities and Exchange Board of India (SEBI) has asked the Reliance Mutual Fund to explain the violations of norms in its advertisements for its infrastructure fund;

(b) if so, whether a reply to the explanation sought by SEBI has been received;

(c) whether SEBI had found violations in the speed-reading of standard advertisements; and

(d) if so, the action taken against the company for violations of norms?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (d) A Statement is placed on the Table of the House.

Statement

(a) Yes, Sir.

(b) and (c) SEBI had found that in the audio visual advertisement of Reliance Mutual Fund with respect to their New Fund Offer of 'Reliance Infrastructure Fund' the standard warning was less than five seconds and thus not in compliance with relevant SEBI guidelines.

(d) Reliance Mutual Fund and Reliance Asset Management Company Ltd. were directed to withdraw the said advertisement and asked to show cause why they should not be restrained from launching any new scheme for an appropriate period for the aforesaid violations. They have sought hearing before Whole Time Member, SEBI in the matter. The said hearing is scheduled on July 30, 2009.

श्री धर्म पाल सभ्रवाल: महोदय, सेबी ने मई के महीने में यह निर्णय लिया था कि छोटे निवेशकों को 2.25 परसेंट एंटी लोड देने की आवश्यकता नहीं है, लेकिन 17 जुलाई को Reliance Infra ने जिन निवेशकों को confirmation letter भेजा है, उसमें 2.25 परसेंट एंटी लोड काटा गया है, जो कि सेबी के guidelines का उल्लंघन है।

श्री सभापति: कृपया आप सवाल पूछ लीजिए।

श्री धर्म पाल सभ्रवाल: महोदय, मैं वित्त मंत्री जी से यह जानना चाहता हूँ कि क्या वह इसकी जांच कराएंगे? और जो रकम रिलायंस इन्फ्रा के issue से काटी गई, वह निवेशकों को वापस दिलाएंगे?

SHRI PRANAB MUKHERJEE: Sir, so far as this issue is concerned, the show cause notice has been issued to them. The company has appealed to the SEBI authority that they would like to be heard by the full-time Member of the SEBI. The date has been fixed for that. On 30th July, 2009 they are going to have this meeting, that is, the day after tomorrow. The decision will come into effect from 1st August, 2009.

श्री धर्म पाल सभ्रवाल: यह 17 जुलाई का है। जो जवाब आया है, उससे हम संतुष्ट हैं लेकिन जो छोटे निवेशक हैं, उनका जो पैसा काटा गया है, क्या वह उन्हें वापस दिलाएंगे?

SHRI PRANAB MUKHERJEE: Sir, it will depend on the outcome of the consultation and discussions. How can I say hypothetically that this will be done or that will be done?

श्री धर्म पाल सभ्रवाल: सर, मेरा दूसरा सप्लीमेंटरी है।

श्री सभापति: आपने सवाल पूछ लिया है।

श्री धर्म पाल सभ्रवाल: सर, दो सवाल पूछ सकते हैं।

श्री सभापति: आप दो बार खड़े होकर दो सवाल पूछ चुके हैं।

श्री धर्म पाल सभ्रवाल: वह तो उसी के बीच में पूरा करना था।

श्री सभापति: आप एक वक्त में एक सवाल पूछिए।

श्री धर्म पाल सभ्रवाल: एक ही सवाल था। यह मेरा राइट है।

श्री सभापति: ठीक है, पूछ लीजिए।

श्री धर्म पाल सभ्रवाल: मेरा यह प्रश्न Reliance Mutual Fund की unfair trade practice से संबंधित है। Reliance Infra ने कई विदेशी बैंकों को भारी मात्रा में कमीशन दी है। यह सेबी की गाइडलाइन्स का उल्लंघन है और unfair trade practice है। मैं यह जानना चाहूंगा कि रिलायंस इनफ्रा ने इन विदेशी बैंकों को कितनी कमीशन दी है और अगर यह सेबी के नियमों के विरुद्ध है तो सरकार इस संबंध में क्या कार्रवाई कर रही है?

SHRI PRANAB MUKHERJEE: Sir, so far as this question is concerned, this is a question in respect of violations of guidelines with regard to Mutual Funds. I have stated in the statement which I have laid on the Table of the House in response to the query that the SEBI has taken action. I can just give you an example. In respect of warning to the customers, it is the practice that they have to say through audio programmes, whether it is through advertisements on the TV or on the radio, that you read the rules, you read the conditions of the investment and always remember that investment in the Mutual Funds is risky. It is somewhat risky. This is the warning that is being given. The duration of this audio warning should not be less than five seconds. They have violated it. As they have violated it, two show cause notices have been issued to them. One is to immediately stop it and the second is that if they do so, the reason why their advertisements in respect of other funding programmes should not be cancelled. These steps have already been taken. The hon. Member is entitled to ask questions on the subject for which he has given notice. Whether they have indulged in unfair trade practices in other areas is not relevant to this question.

SHRI M. VENKAIAH NAIDU: Sir, it is a very important question, not about one particular company. I would like to draw the attention of the Minister to the fact that such violations are being done by a number of Mutual Fund raisers. Keeping that in mind and also having taken note of what is happening now, will the Minister assure us that enough guidelines will be issued to the SEBI and see to it that they are strictly enforced? The warning is very small and not even visible to read in the newspapers, whereas the advertisement is very lengthy. Thousands of people are investing their

money. So, it should be made mandatory to print them in bold letters and it should be prominently displayed in audio-visual display. Will the Minister assure us that such steps will be taken and compliance will be sought from the SEBI with regard to what is happening and what has happened?

SHRI PRANAB MUKHERJEE: Sir, this is a good suggestion. Surely, I will ask the SEBI Board to look into these aspects. In respect of the first part of the supplementary, it is true that not merely these Organisations, but many other Mutual Funds – I have the list; I will just, quickly, read out a few names – Franklin, Birla Mutual Fund, DBS Chola Mutual Fund, Escorts Mutual Fund, HDFC, Kotak Mahendra, LIC Mutual Fund, SBI Mutual Fund, Sundaram Mutual Fund, Tata Mutual Fund, Mutual Fund, at some point of time, they have been brought to discipline because of the violations of the SEBI regulations. How to improve the guidelines and how to ensure the investor's right, it is a constant exercise, and I will, definitely, ask the SEBI Board to consider the suggestions which the hon. Member has given.

MR. CHAIRMAN: Thank you. Shri Prakash Javadekar.

SHRI PRAKASH JAVADEKAR: Sir, taking cue from Venkaiah Naiduji, I want to draw the attention of the hon. Minister that if you listen to the advertisement about the mutual funds on any visual media, the audio is totally inaudible; you just cannot make out वे क्या बोल रहे हैं पता ही नहीं चलता और इतना जल्दी, फास्ट बोलते हैं कि उससे केवल टेक्निकल पूर्ति होती है, लेकिन कोई समझता नहीं। इस लिए विज्युअल ऐड में भी स्पष्ट रूप से वे बोलेंगे, इसी सजेशन को आगे बढ़ाते हुए मैं माननीय मंत्री जी से पूछना चाहता हूँ कि क्या इसके बारे में भी निर्देश जारी करेंगे?

SHRI PRANAB MUKHERJEE: I have already stated, Sir, that these suggestions I will put before the Board of SEBI.

*343. *[The questioner Shri Varinder Singh Bajwa was absent. For answer vide page 26 *infra*].

लघु बचत योजनाओं के अंतर्गत धनराशि का उपयोग

*344. श्री राज मोहिन्दर सिंह मजीठा:

श्री शिवानन्द तिवारी: ††

क्या वित्त मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या यह सच है कि देश में लघु बचत योजनाओं के अंतर्गत जमा धनराशि का उपयोग विकास कार्यों के लिए पूंजी के रूप में किया जा रहा है;

(ख) यदि हाँ, तो वित्तीय वर्षों 2004-05 और 2008-09 में उपरोक्त राशि कितनी-कितनी थी;

(ग) उपरोक्त वर्षों में इन बचत जमा राशियों पर किस-किस दर से ब्याज का भुगतान किया जाता रहा है; और

(घ) इन वर्षों के दौरान औसत वार्षिक उपभोक्ता मूल्य सूचकांक कितना था?

वित्त मंत्री (श्री प्रणब मुखर्जी): (क) से (घ) विवरण सभा पटल पर रख दिया गया है।

विवरण

(क) सभी लघु बचत संग्रहणों को राष्ट्रीय लघु बचत निधि में जमा किया जाता है। राष्ट्रीय लघु बचत निधियों द्वारा निवल संग्रहणों (सकल संग्रहणों में से जमाकर्ताओं द्वारा किए गए आहरणों को घटाकर) का निवेश केन्द्र सरकार द्वारा समय-समय पर निश्चित प्रतिमानों के अनुसार केन्द्र सरकार और राज्य सरकार विशेष प्रतिभूतियों में किया जा रहा है।

†† सभा में यह प्रश्न श्री शिवानन्द तिवारी द्वारा पूछा गया।