

UNIT TRUST OF INDIA (TRANSFER OF UNDERTAKING AND REPEAL) ACT, 2002

[58 OF 2002]

An Act to provide for the transfer and vesting of the undertaking (excluding the specified undertaking) of the Unit Trust of India to the specified company to be formed and registered under the Companies Act, 1956, and the transfer and vesting of the specified undertaking of the Unit Trust of India in the Administrator and for matters connected therewith or incidental thereto and also to repeal the Unit Trust of India Act, 1963. BE it enacted by Parliament in the Fifty-third Year of the Republic of India as follows:-

CHAPTER I **PRELIMINARY**

Short title and commencement.

1. (1) This Act may be called the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

(2) It shall be deemed to have come into force on the 29th day of October, 2002.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) “Administrator” means a person or a body of persons appointed as Administrator under section 7;

(b) “appointed day” means such date as the Central Government may, by notification in the Official Gazette, appoint under section 4;

(c) “bank” shall have the meaning assigned to it in clause (d) of section 2 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993);

(d) “Development Bank” means the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 (18 of 1964);

(e) “financial institution” shall have the meaning assigned to it in clause (h) of section 2 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993);

(f) “Life Insurance Corporation of India” means the Life Insurance Corporation of India established under sub-section (1) of section 3 of the Life Insurance Corporation Act, 1956 (31 of 1956);

(g) “Schedule” means Schedules I and II to this Act;

(h) “specified company” means a company to be formed and registered under the Companies Act, 1956 (1 of 1956) and whose entire capital is subscribed by such financial institutions or banks as may be specified by the Central Government, by notification in the Official Gazette, for the purpose of transfer and vesting of the undertaking;

(i) “specified undertaking” includes all business, assets, liabilities and properties of the Trust representing and relating to the schemes and Development Reserve Fund specified in the Schedule I;

(j) “State Bank” means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955);

(k) “Trust” means the Unit Trust of India established under sub-section (1) of section 3 of the Unit Trust of India Act, 1963 (52 of 1963);

(l) “undertaking” includes all business, assets, liabilities and properties of the Trust representing and relating to the schemes and plans specified in the Schedule II;

(m) “unit” means a unit issued under a unit scheme made under section 21 of the Unit Trust of India Act, 1963 (52 of 1963).

CHAPTER II

TRANSFER AND VESTING OF THE UNDERTAKING OF TRUST IN THE SPECIFIED COMPANY AND TRANSFER AND VESTING OF THE SPECIFIED UNDERTAKING OF TRUST IN THE ADMINISTRATOR

Transfer of initial capital.

3. (1) On the appointed day, the initial capital of the Trust, contributed by the Development Bank, the Life Insurance Corporation, the State Bank and the subsidiary banks and other institutions under sections 4 and 4A of the Unit Trust of India Act, 1963 (52 of 1963), as it stood immediately before the commencement of this Act, shall stand transferred to, and vest in, the Central Government.

(2) The initial capital contributed by the Development Bank, the Life Insurance Corporation, the State Bank and the subsidiary banks and other institutions shall be refunded, by the Central Government, to such extent as may be determined by it, having regard to the book value, the assets and liabilities of the Trust.

Undertaking of Trust to vest in specified company and specified undertaking of Trust to vest in Administrator.

4. (1) On such date as the Central Government may, by notification in the Official Gazette, appoint, there shall be transferred to, and vest in,—

(a) the specified company, the undertaking (excluding the specified undertaking) of the Trust for such consideration and on such terms and conditions as may be mutually agreed upon between the Central Government and the subscribers to the capital of the specified company;

(b) the Administrator, the specified undertaking of the Trust.

(2) The decision of the Central Government, as to whether any business, assets, liabilities or properties represent or relate to the undertaking or specified undertaking, shall be final:

Provided that any business, asset or property which is not represented or related to the undertaking or specified undertaking, shall vest in the Central Government.

General effect of vesting of undertaking or specified undertaking in specified company or Administrator.

5. (1) The undertaking of the Trust which is transferred to, and which vest in, the specified company or the specified undertaking of the Trust, which is transferred to, and vest in, the Administrator, as the case may be, under section 4, shall be deemed to include all business, assets, rights, powers, authorities and privileges and all properties, movable and immovable, real and personal, corporeal and incorporeal, in possession or reservation, present or contingent of whatever nature and wheresoever situate including lands, buildings, vehicles, cash balances, deposits, foreign currencies, disclosed and undisclosed reserves, reserve fund, special reserve fund, benevolent reserve fund, any other fund, stocks, investments, shares, bonds, debentures, security, management of any industrial concern, loans, advances and guarantees given to industrial concerns, tenancies, leases and book-debts and all other rights and interests arising out of such property as were immediately before the appointed day in the ownership, possession or power of the Trust in relation to the undertaking or the specified undertaking, as the case may be, within or without India, all books of account, registers, records and documents relating

thereto and shall also be deemed to include all borrowings, liabilities, units issued and obligations of whatever kind within or without India then subsisting of the Trust in relation to such undertaking or the specified undertaking, as the case may be.

(2) All contracts, deeds, bonds, guarantees, powers-of-attorney, other instruments (including all units issued and unit schemes formulated by the Trust) and working arrangements subsisting immediately before the appointed day and affecting the Trust shall cease to have effect or to be enforceable against the Trust and shall be of as full force and effect against or in favour of the specified company or the Administrator, as the case may be, in which the undertaking or specified undertaking has vested by virtue of this Act and enforceable as fully and effectually as if instead of the Trust, the specified company or the Administrator, as the case may be, had been named therein or had been a party thereto.

(3) All unit schemes taken by the Board of the Trust immediately before the commencement of this Act shall be deemed to have been taken by the specified company or the Administrator, as the case may be, and all the units issued by the Trust under such scheme shall be deemed to be the units issued by the specified company or the Administrator, as the case may be, and the income on such units shall be distributed and such units shall be redeemed or purchased by them in the same manner as would have been done by the Trust had the undertaking or the specified undertaking not been transferred under section 4.

(4) Any proceeding or cause of action pending or existing immediately before the appointed day by or against the Trust may, as from the appointed day, be continued and enforced by or against the specified company or the Administrator, as the case may be, in which the undertaking or specified undertaking has vested by virtue of this Act as it might have been enforced by or against the Trust if this Act had not been enacted and shall cease to be enforceable by or against the Trust.

Provisions in respect of officers and other employees of Trust.

6. (1) Every officer or other employee of the Trust (except a trustee of the Board, the Chairman and executive trustee) serving in the employment immediately before the appointed day shall become, as from the appointed day, an officer or, as the case may be, other employee of the specified company and shall hold his office or service therein by the same tenure, at the same remuneration, upon the same terms and conditions, with the same obligations and with the same rights and privileges as to leave, leave fare concession, welfare scheme, medical benefit scheme, insurance, provident fund, other funds, retirement, voluntary retirement, gratuity and other benefits as he would have held under the Trust if its undertaking had not vested in the specified company and shall continue to do so as an officer or, as the case may be, other employee of the specified company or until the expiry of a period of six months from the appointed day if such officer or other employee opts not to continue to be the officer or other employee of the specified company within such period.

(2) The Administrator, in consultation with the specified company, may requisition, the services of such officers or other employees as it may deem fit, on such terms and conditions which may be mutually agreed upon between the Administrator and the specified company.

(3) Where an officer or other employee of the Trust opts under sub-section (1) not to be in employment or service of the specified company, such officer or other employee shall be deemed to have resigned.

(4) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (14 of 1947) or in any other law for the time being in force, the transfer of the services of any officer or other employee of the Trust to the specified company shall not entitle such officer or other employee to any compensation under this Act or under any other law for the time being in force and no such claim shall be entertained by any court, tribunal or other authority.

(5) The officers and other employees who have retired before the appointed day from the service of the Trust and are entitled to any benefits, rights or privileges shall be entitled to receive the same benefits, rights or privileges from the specified company.

(6) The trust of the provident fund or the gratuity fund of the Unit Trust of India and any other bodies created for the welfare of officers or other employees would continue to discharge their functions in the specified company as was being done hitherto in the Unit Trust of India and any tax exemption granted to the provident fund or the gratuity fund would continue to be applied to the specified company.

(7) Notwithstanding anything contained in this Act or in the Companies Act, 1956 (1 of 1956) or in any other law for the time being in force or in the regulations of the Unit Trust of India, the Chairman, the trustees, executive trustee or any other person entitled to manage the whole or substantial part of the business and affairs of the Trust shall not be entitled to any compensation against the Trust for the loss of office or for the premature termination of any contract of management entered into by him with the Trust.

CHAPTER III

APPOINTMENT OF ADMINISTRATOR TO MANAGE THE SPECIFIED UNDERTAKING OF THE TRUST

Appointment of Administrator to manage specified undertaking.

7. (1) The Central Government shall, on and from the appointed day, appoint a person or a body of persons, as the “Administrator of the specified undertaking of the Unit Trust of India” for the purpose of taking over the administration thereof and the Administrator shall carry on the management of the specified undertaking of the Trust for and on behalf of the Central Government.

(2) The Central Government may issue such directions (including directions as to initiating, defending or continuing any legal proceedings before any court, tribunal or other authority) to the Administrator as to his powers and functions as that Government may deem desirable and the Administrator may apply to the Central Government at any time for instructions as to the manner in which he shall conduct the management of the specified undertaking or in relation to any matter arising in the course of such management.

(3) Subject to the other provisions of this Act and the Schemes made thereunder and the control of the Central Government, the Administrator shall be entitled, notwithstanding anything contained in any other law for the time being in force, to exercise, in relation to the management of the specified undertaking, the powers specified under section 10 including powers to dispose of any property or assets of such specified undertaking whether such powers are derived under any law for the time being in force.

(4) Every person having possession, custody or control of any property forming part of the specified undertaking of the Trust shall deliver forthwith such property to the Administrator.

(5) Any person who, on the appointed day, has in his possession or under his control any books, papers or other documents relating to the specified undertaking, including the minutes book containing the resolutions of the persons in charge of the management of the specified undertaking before the appointed day, the current cheque books relating to the specified undertaking, any letters, memoranda, notes or other communications between him and the Trust so far they relate to the specified undertaking shall, notwithstanding anything contained in any other law for the time being in force, be liable to account for the books, papers and other documents (including such minutes book, letters, memoranda, notes or other communications) to the Administrator.

(6) Any person in charge of the management of the specified undertaking immediately before the appointed day shall, within ten days from that day or within such further period as the Central complete inventory of all the properties and assets (including particulars of book-debts and investments and belongings) forming part of the specified undertaking immediately before the appointed day and of all the liabilities and obligations of such specified undertaking, in relation to its administration, subsisting immediately before that day, and also of all agreements relating to specified undertaking entered into by the Trust in relation to its administration and in force immediately before that day.

(7) The Administrator shall receive from the funds of the specified undertaking such remuneration as the Central Government may fix.

Administrator to vacate office.

8. (1) The Administrator shall, immediately on redemption of all the schemes of the specified undertaking and the payment of entire amount to investors, shall vacate his office; but nothing in this sub-section shall be construed as prohibiting his appointment as a member of the Board of Advisers after vacation of his office as such.

(2) On the vacation of his office, the Administrator shall forthwith deliver, to the Central Government or any institution or officer specified by it, possession of all assets and properties representing and relatable to the specified undertaking which are in his possession, custody and control on the date immediately preceding the date on which he vacates his office as the Administrator.

CHAPTER IV
POWERS AND FUNCTIONS OF ADMINISTRATOR

Board of Advisers.

9. (1) On such date as the Central Government may, by notification in the Official Gazette, appoint a Board of Advisers to advise and assist the Administrator in carrying on the management of the specified undertaking.

(2) The composition, term of office of the Advisers, the fees and allowances and other conditions of appointment, disqualifications for being an Adviser, filling up of casual vacancy in the office of the Adviser, the meetings of the Board of Advisers, vacation and resignation of office of the Advisers, shall be such as may be specified in the Scheme made by the Central Government.

Powers and functions of Administrator.

10. (1) Subject to the provisions of this Act and the Scheme made thereunder, the Administrator may, on the advice of the Board of Advisers, transact any of the following kinds of business in India in relation to the specified undertaking only, namely:-

- (a) selling and purchasing units of the schemes specified in Schedule I;
- (b) investing in and acquiring, holding or disposing of securities and exercising and enforcing, all powers and rights incidental thereto including protection or realisation of such investment and the taking over of the administration of any property offered as security for such investment;
- (c) granting of loans and advances upon the security of any movable or immovable property or otherwise;
- (d) accepting, collecting, discounting, re-discounting, purchasing, selling or negotiating or otherwise dealing with, any bills of exchange, hundies, promissory notes, coupons, drafts, bill of lading, railway receipts, warehouse receipts, documents of title to goods, warrants, certificates, scrips and other mercantile instruments;
- (e) purchasing, selling or issuing participation certificates in relation to any loan or advance granted by any public financial institution or scheduled bank or such other institution as may be specified by the Central Government;
- (f) keeping money on deposit with companies or other bodies corporate, scheduled banks or such other institutions as may be specified by the Central Government;
- (g) formulating in relation to any unit scheme specified in Schedule I,-
 - (i) savings and life insurance plan or plans under which a person may acquire an interest in units in association with or as the agent of, the Life Insurance Corporation of India or the Central Government, but not including the life insurance business;
 - (ii) savings and insurance plan or plans under which a person may acquire an interest in units in association with, or as the agent of, the General Insurance Corporation but not including the general insurance business; or
 - (iii) any other plan or plans, under which a person may acquire an interest in units;
- (h) acquiring immovable property or any interest therein, the development (including construction) and sale of such property and the rendering of financial and other assistance to any person for the acquisition of any immovable property or any interest therein and for the development (including construction) of such property;
- (i) providing leasing and hire purchase finance to persons, companies, and other bodies corporate;
- (j) providing merchant banking and investment advisory services;
- (k) extending investment or fund or port folio management services to persons resident outside India;
- (l) opening of an account or the making of an agency arrangement with a bank incorporated outside India;
- (m) buying or selling of or entering into such other dealings in, foreign exchange, as may be necessary for the discharge of its functions;
- (n) doing any other kind of business connected with mobilisation of savings or investments which the Central Government may authorise;
- (o) generally doing all such acts and things as may be incidental to or consequential upon the discharge of its functions under this Act.

(2) The Administrator shall, on and after the appointed day, neither formulate any new scheme nor issue any new unit, whether related to the undertaking or the specified undertaking or otherwise.

Maintenance of accounts by Administrator.

11. (1) The Administrator shall maintain separate accounts of each of the specified undertaking asset possession whereof has been taken by him, and shall cause to be made therein entries of all receipts and expenditure in respect thereof.

(2) The separate accounts under sub-section (1) shall be maintained in such form and in such manner as may be specified by the Central Government.

(3) The Central Government shall cause the accounts maintained under this section to be inspected and audited at such intervals and by such persons as may be specified by it.

CHAPTER V
MISCELLANEOUS

Concession, etc., to be deemed to have been granted to specified undertaking.

12. With effect from the appointed day, all fiscal and other concessions, licences, benefits, privileges and exemptions granted to the Trust in connection with the affairs and business of the specified undertaking of the Trust under any law for the time being in force shall be deemed to have been granted in relation to the specified undertaking.

Tax exemption or benefit to continue to have effect.

13. (1) Notwithstanding anything contained in the Income-tax Act, 1961 (43 of 1961) or any other enactment for the time being in force relating to tax or income, profits or gains, no income-tax or any other tax shall be payable by the Administrator in relation to the specified undertaking for a period of five years computed from the appointed day in respect of any income, profits or gains derived, or any amount received in relation to the specified undertaking.

(2) The transfer and vesting of the undertaking or the specified undertaking in terms of section 4 shall not be construed as a transfer within the meaning of the Income-tax Act, 1961 (43 of 1961) for the purposes of capital gains.

Exemption from stamp duty.

14. Notwithstanding anything contained in the Indian Stamp Act, 1899 (2 of 1899), the transfer and vesting of the undertaking and the specified undertaking in terms of section 4 shall not be liable to the payment of any stamp duty under that Act.

Guarantee to be operative.

15. Any guarantee given for or in favour of the Trust with respect to any loan, lease, finance or other assistance shall continue to be operative in relation to the specified undertaking managed by the Administrator.

Protection of action taken in good faith.

16. No suit or other legal proceedings shall lie against the Central Government or the Administrator, Board of Advisers or any of the officers or other employees of the Central Government for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this Act.

Shares, bonds, debentures and units to be deemed to be approved securities.

17. Notwithstanding anything contained in any other law for the time being in force, the shares, bonds, debentures and units of the specified undertaking shall be deemed to be

approved securities for the purposes of the Indian Trusts Act, 1882 (2 of 1882), the Insurance Act, 1938 (4 of 1938) and the Banking Regulation Act, 1949 (10 of 1949).

Substitution in every Act, rule, regulation or notification by specified company or Administrator in place of Trust.

18. In every Act, rule, regulation or notification in force on the appointed day, for the words “Unit Trust of India”, wherever they occur, the words, brackets and figures “specified company referred to in the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002” or “Administrator of the specified undertaking of the Unit Trust of India referred to in the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002”, as the case may be, shall be substituted.

Power of Central Government to alter Schedules I and II.

19. (1) The Central Government may, by notification in the Official Gazette, alter Schedules I and II.

(2) Every alteration made by the Central Government under sub-section (1) shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the alteration, or both Houses agree that the alteration should not be made, the alteration shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that alteration.

Power of Central Government to make Scheme.

20. (1) The Central Government may, by notification in the Official Gazette, make a Scheme for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, the said Scheme may provide for all or any of the following matters, namely:-

(a) the manner in which the specified undertaking and schemes and assets and investments specified in Schedule I shall be managed;

(b) the term of office of the Advisers, the fee and allowances and other conditions of appointment of the Advisers, disqualifications for being an Adviser, filling up of casual vacancy in the office of Adviser, the meetings of Board of Advisers, vacation and resignation of office of the Advisers;

(c) the manner of payment of consideration for which the undertaking shall be transferred to the specified company;

(d) the assets representing and relating to the undertaking and the specified undertaking; and

(e) such incidental, consequential and supplemental matters as may be necessary to carry out the provisions of this Act.

(3) Every Scheme made under sub-section (1) shall be laid, as soon as may be after it is made before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions and if before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the Scheme or both Houses agree that the Scheme should not be made, the Scheme shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that

any such modification or annulment shall be without prejudice to the validity of anything previously done under that Scheme.

Repeal and saving of Act.

21. (1) On the appointed day, the Unit Trust of India Act, 1963 (52 of 1963) shall stand repealed and the Board of trustees referred to in section 10 of the said Act (hereinafter referred to as the repealed Act) shall stand dissolved.

(2) On the dissolution of the said Board, the person appointed as the Chairman of the Board and every other person appointed as the trustee and executive trustee and holding office as such immediately before such date shall vacate their respective office .

(3) Notwithstanding such repeal, anything done or any action taken or purported to have been done or taken including any rule, regulation, notification, scheme, inspection, order or notice made or issued or any appointment, confirmation or declaration made or any permission, authorisation or exemption granted or any document or instrument executed or any direction given under the Act hereby repealed shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act.

(4) Notwithstanding the repeal of the Unit Trust of India Act, 1963 (52 of 1963), the Administrator shall, so far as may be, comply with the provisions of Chapter VI of the Act so repealed for any of the purposes related to the annual accounts and audit of the Trust.

Act to have overriding effect.

22. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than this Act or in any instrument having effect by virtue of any enactment other than this Act.

Application of other laws not barred.

23. The provisions of this Act shall be in addition to, and not in derogation of the provisions of any other law for the time being in force.

Power to remove difficulties.

24. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act as appear to it to be necessary or expedient for removing the difficulty:

Provided that no order shall be made under this section after the expiry of two years from the date of commencement of this Act.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

Repeal and saving.

25. (1) The Unit Trust of India (Transfer of Undertaking and Repeal) Ordinance, 2002 (5 of 2002) is hereby repealed.

(2) Notwithstanding the repeal of the Unit Trust of India (Transfer of Undertaking and Repeal) Ordinance, 2002 (5 of 2002), anything done or any action taken under the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of this Act.

SCHEDULE I

[See sections 2(g), 2(i) and 19]

PART I
SCHEMES

1. The Unit Scheme, 1964 published on May 30, 1964, in the Gazette of India, Part III, Section 4, dated the 30th May, 1964.
2. The Children's Gift Plan, 1970 published on December 11, 1971, in the Gazette of India, Part III, Section 4.
3. The Children's Gift Growth Fund Unit Scheme, 1986 published on April 19, 1986, in the Gazette of India, Part III, Section 4, *vide* No. UT/392/DPD(P&R) 3B/Vol.I/85-86, dated the 3rd April, 1986.
4. The Bhopal Gas Victims-Monthly Income Plan, 1992 (BGVMIP) published on September 18, 1993, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/360A/SPD-174/93-94, dated the 13th August, 1993.
5. The Rajlakshmi Unit Scheme (II) published on August 27, 1994, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/140A/SPD55/93-94, dated the 29th July, 1994.
6. The Monthly Income Plan, 1997 (IV) published on November 2, 1997, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/SPD-71-R/R-97-98, dated the 23rd October, 1997.
7. The Institutional Investors' Special Fund Unit Scheme, 1997 (II) published on February 21, 1998, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-96/SPD89C/97-98, dated the 5th January, 1998.
8. The Monthly Income Plan, 1997 (V) published on February 21, 1998, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-95/SPD71S/97-98, dated the 12th January, 1998.
9. The Monthly Income Plan 1998 published on April 4, 1998, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-104/SPD71T/97-98, dated the 5th March, 1998.
10. The Institutional Investors' Special Fund Unit Scheme 1998 (IISFUS' 98) published on May 23, 1998, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/SPD-89-D/R-III/97-98, dated the 27th April, 1998.
11. The UTI/NRI Fund (UNF) published on June 13, 1998, in the Gazette of India, Part III, Section 4, *vide* No. UT/NRI/R-113/N-52/97-98, dated the 15th May, 1998.
12. The Monthly Income Plan 1998 (II) published on August 1, 1998, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-119/SPD-71U/ 97-98, dated the 29th June, 1998.
13. The Monthly Income Plan (III) published on September 5, 1998, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-125/SPD-71-V/ 98-99, dated the 7th August, 1998.
14. The Monthly Income Plan (IV) published on February 27, 1999, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-160/SPD-71W/ 98-99, dated the 28th January, 1999.
15. Monthly Income Plan 1998 (V) published on March 6, 1999 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-101 /SPD-71X/98-99, dated the 28th January, 1999.

16. Children's Gift Growth Fund Unit Scheme 1999, published on May 29, 1999, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-175/SPD55/98-99, dated the 29th May, 1999.
17. The Institutional Investors' Special Fund Unit Scheme 1998 (II) published on May 29, 1999, in the Gazette of India, Part III, Section 4, *vide* No. UT/ DBDM/R/SPD/98-99 *vide* dated the 31st March, 1999.
18. The Rajlakshmi Unit Plan 1999 published on May 29, 1999, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-175/SPD-59A/98-99.
19. Monthly Income Plan 1999 published on June 12, 1999, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-179/SPD-71-Y/98-99, dated the 5th May, 1999.
20. The Special Unit Scheme 1999 formulated in pursuance of agreement between Government of India and Unit Trust of India signed on 22nd July, 1999.
21. The Monthly Income Plan 1999 (II) published on January 22, 2000, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-224/SPD-71-Z/ 99-2000, dated the 30th December, 1999.
22. The Monthly Income Plan 2000 published on April 15, 2000, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/SPD-119-A/R-235/99-2000, dated the 14th March, 2000.
23. The Monthly Income Plan 2000 (Second) published on September 9, 2000, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/SPD-119-B/ R-7/99-2000, dated the 10th August, 2000.
24. The Monthly Income Plan 2001 published on May 12, 2001, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-69/SPD-119-D/2000-2001, dated the 9th April, 2001.
25. The Monthly Income Plan 2000 (Third) published on January 13, 2001, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/SPD-119-C/R15/2000-2001, dated the 14th November, 2000.

PART II

ASSETS AND INVESTMENTS

26. All assets and investments made out of the Development Reserve Fund created in 1984 under sub-section (1) of section 25B of the Unit Trust of India Act, 1963 (52 of 1963).

SCHEDULE II

[See sections 2(g), 2(l) and 19]

SCHEMES AND PLANS

1. The Mutual Fund (Subsidiary) Unit Scheme, 1986 published on October 25, 1986 in the Gazette of India, Part III, Section 4, *vide* No. 158/DPD (P&R) 100/Vol. I/86-87 dated the 9th October, 1986.
2. The Capital Growth Unit Scheme, 1992 (Mastergain 92) published on July 4, 1992 in the Gazette of India, Part III, Section 4, *vide* No. UT/ DBDM/ 1144/ SPD-185/91-92 dated the 8th June, 1992.
3. The Housing Unit Scheme 1992 published in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/ 155A/SPD-184/92-93 dated August 8, 1992.

4. The Unit Scheme 1992 published on April 17, 1993, in the Gazette of India, Part 111, Section 4, *vide* No. UT/DBDM/2044A/SPD-61/92-93.
5. The Master Equity Plan 1993 published on July 17, 1993, in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/2454A/SPD-74A/92-93.
6. The Senior Citizens Unit Plan published on August 28, 1993 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/393A/SPD-60/93-94 dated the 18th August, 1993.
7. The Equity Linked Savings Unit Scheme 1994 (ELSS 94) published on February 12, 1994 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R96A/SPD74B/93-94 dated the 11th January, 1994.
8. The Growing Corpus Growing Income Scheme 1994 (GCGI 94) published on April 2, 1994 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/1704A/SPD-78/93-94 dated the 7th March, 1994.
9. The Grihalakshmi Unit Scheme 1994 (GUS 1994) published on August 20, 1994 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/76A/SPD-68/93-94.
10. The Equity Linked Savings Unit Scheme 1995 (ELSS 95) published on February 11, 1995 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/680A/SPD/74C/94-95 dated the 10th January, 1995.
11. The Primary Equity Fund published on June 3, 1995 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/1109A/SPD-85/94-95 dated the 2nd May, 1995.
12. The Master Equity Plan 1996 published on December 23, 1995 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/431A/SPD-74D/95-96 dated the 30th November, 1995.
13. The Grandmaster Unit Scheme 1993 published on January 25, 1997 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-172/SPD-77/9697 dated the 9th December, 1996.
14. The Master Equity Plan 1997 published on January 25, 1997 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R173/SPD-74-E/96-97 dated the 23rd December, 1996.
15. The UTI Money Market Fund (A Money Market Mutual Fund) published on July 26, 1997 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/SPD-93/R-223/96-97 dated the 24th June, 1997.
16. The Master Equity Plan 1998 published on February 21, 1998 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-96/SPD-74F/97-98 dated the 5th January, 1998.
17. The Unit Growth Scheme 10,000 published on June 27, 1998 in the Gazette of India, Part III, Section 4.
18. The UTI-Bond Fund published on August 8, 1998 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-121/SPD-102/97-98 dated the 14th July, 1998.
19. The UTI-Small Investors' Fund published on August 8, 1998 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-181/SPD-98/97-98 dated the 14th July, 1998.
20. The Master Value Unit Plan 1998 published on August 8, 1998 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/SPD-107/R-121/97-98 dated the 14th July, 1998.
21. The Master Index Fund published on August 15, 1998 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/SPD-108/R-122/97-98 dated the 17th July, 1998.

22. The Mastershare Plus Unit Scheme 1991 published on April 24, 1999 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-171/SPD-172/ 98-99 dated the 30th March, 1999.
23. The Master Equity Plan 1999 published on May 29, 1999 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R/SPD-74G/98-99 dated the 7th April, 1999.
24. The UTI Growth Sectors Fund (UTI - GSF) published on August 28, 1999 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/SPD-112/R194A/98-99 dated the 27th July, 1999.
25. The UTI G-Sec Fund published on December 18, 1999 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBM/R/SPD-114/99-2000 dated the 18th November, 1999.
26. The UTI Equity Tax Savings Plan published on March 18, 2000 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBD/R-SPD-117/99-2000 dated the 9th February, 2000.
27. The Mastergrowth Unit Scheme 1993 published on May 20, 2000 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-238 /SPD-118/ 99-2000 dated the 17th April, 2000.
28. The Nifty Index Fund (NIF) published on May 20, 2000 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-239/SPD -120/99-2000 dated the 17th April, 2000.
29. The Unit Scheme 1995 (US-95) published on June 3, 2000 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-241/SPD-84/99-2000 dated the 3rd May, 2000.
30. The Index Select Equity Fund published on March 17, 2001 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-62/SPD-96/2000-2001 dated the 12th February, 2001.
31. The Unit Scheme for Charitable and Religious Trusts and Registered Societies, 1981 published on April 28, 2001 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-65/SPD-53/2000-2001 dated the 20th March, 2001.
32. The Unit Linked Insurance Plan 1971 published on May 19, 2001 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-7/SPD-52/2000-2001 dated the 24th April, 2001.
33. The Children's Career Plan (CCP) published on May 12, 2001 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-69/SPD-64/2000-2001 dated the 9th April, 2001.
34. The UTI-Mahila Unit Scheme (MUS) published on June 16, 2001 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R/SPD-68-A/20002001 dated the 11th May, 2001.
35. The Retirement Benefit Plan (RBP) published on August 10, 2002 in the Gazette of India, Part III, Section 4, *vide* No. UT/DBDM/R-47/SPD-66/ 2001-2002 dated the 25th July, 2002.
36. The UTI Regular Income Scheme.
37. The India Fund Unit Scheme 1986.
38. The India Access Fund Unit Scheme 1996.
39. The India Information Technology Fund Unit Scheme 1997.
40. The India Infrastructure Fund Unit Scheme 1999.
41. The India Media, Internet and Communication Fund Unit Scheme 2000.
42. The Variable Investment Scheme 2002.
43. The Unit Scheme 2002.

NOTIFICATIONS

1

SECTION 2(h) OF THE UNIT TRUST OF INDIA (TRANSFER OF UNDERTAKING AND REPEAL) ACT, 2002 - SPECIFIED COMPANY - NOTIFIED COMPANIES

In exercise of the powers conferred by sub-section (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 ('the Act'), the Central Government hereby notifies:

- (a) State Bank of India, a statutory corporation established under the State Bank of India Act, 1955 (23 of 1955) having its central office at State Bank Bhavan, Nariman Point, Mumbai - 400 021;
- (b) Punjab National Bank, a corporation constituted under the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 having its head office at 7, Bhikaji Cama Place, New Delhi - 110 066;
- (c) Bank of Baroda, a corporation constituted under the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 having its head office at Bank of Baroda Building, Mandvi, Vadodara- 390 006; and
- (d) Life Insurance Corporation of India, a statutory corporation constituted under the Life Insurance Corporation of India Act, 1956 (31 of 1956) having its head office at "Yogekshema", Jeevan Bima Marg, Mumbai - 400 021

as the subscribers, in equal proportion, to the share capital of the specified company, namely, UTI Trustee Company Private Limited, a company incorporated under the Companies Act, 1956 with its registered office at 13, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai - 400 020 in its capacity as trustee of the UTI Mutual Fund and this company is hereby notified as the Specified Company for the purposes of the Act.

Further, with a view to ensure compliance with Securities & Exchange Board of India (Mutual Fund) Regulations, 1996, framed under Securities and Exchange Board of India Act, 1992, and in exercise of its power under section 24 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 to remove difficulties and to give effect to the provisions of the Act, it is hereby declared that the officers and employees of the Trust (as defined under sub-section (k) of section 2 of the Act), shall be the employees of the UTI Asset Management Company Private Ltd., a company sponsored by the same set of subscribers and incorporated under the Companies Act, 1956, with its registered office at 13, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai-400 020, in its capacity as asset management company of UTI Mutual Fund. The provisions of section 6 of the Act shall have effect as if references to the specified company have been substituted by UTI Asset Management Company Private Limited and all rights, obligations and benefits that would have otherwise attached to the specified company pursuant to section 6 of the Act shall attach and be available to UTI Asset Management Company Private Limited in its capacity as asset management company of UTI Mutual Fund.

In the event of UTI Asset Management Company Private Limited not fulfilling any of the rights and obligations of the employees of the Trust, the UTI Trustee Company Private Limited shall be liable to fulfil the same.

Notification : No. SO 40(E), dated 15-1-2003, issued by Department of Economic Affairs.

2

**SECTION 4(1) OF THE UNIT TRUST OF INDIA (TRANSFER OF
UNDERTAKING AND REPEAL) ACT, 2002 - UNDERTAKING
OF TRUST TO VEST IN SPECIFIED COMPANY AND
SPECIFIED UNDERTAKING OF TRUST TO VEST
IN ADMINISTRATOR - NOTIFIED DATE**

In exercise of the powers conferred by sub-section (1) of section 4 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002) ('the Act'), the Central Government hereby notifies 1st February, 2003 as the "Appointed Day" for the purpose of the provisions of the Act.

Notification : No. SO 41(E), dated 15-1-2003, issued by Department of Economic Affairs.

3

**SECTION 7(1) OF THE UNIT TRUST OF INDIA (TRANSFER OF
UNDERTAKING AND REPEAL) ACT, 2002 - APPOINTMENT
OF ADMINISTRATOR TO MANAGE SPECIFIED UNDER
TAKING - NOTIFIED ADMINISTRATOR**

In exercise of the powers conferred by sub-section (1) of section 7 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002), the Central Government hereby appoints Shri M. Damodaran, IAS (MT:71) as the Administrator of the specified undertaking of the Unit Trust of India, for a period of one year with effect from the appointed day, ie., 1st February, 2003 or until further orders, whichever is earlier, for the purposes of taking over the administration and carrying on the management of the specified undertaking of the Unit Trust of India for and on behalf of the Central Government.

Notification : No. SO 42(E), dated 15-1-2003, issued by Department of Economic Affairs.

4

**SECTION 9(1) OF THE UNIT TRUST OF INDIA (TRANSFER OF
UNDERTAKING AND REPEAL) ACT, 2002 - BOARD OF
ADVISERS - NOTIFIED BOARD**

In exercise of the powers conferred by sub-section (1) of section 9 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002), the Central Government hereby appoints the following on the Board of Advisers to advise and assist the Administrator in carrying on the management of the specified undertaking of the Unit Trust of India:

1. Additional Secretary/Joint Secretary (Budget), Department of Economic Affairs, Ministry of Finance & Company Affairs (by designation).

2. Joint Secretary (CM & ECB), Department of Economic Affairs, Ministry of Finance & Company Affairs (by designation).
3. Shri A.N. Shanbhag, Investment Adviser, Mumbai.
4. Shri M.G. Bhide, Chairman, National Institute of Bank Management, Pune.

The appointment is for a period of one year or until further order, whichever is earlier. The terms and conditions of their appointment regarding travel, sitting fee, remuneration, etc. will be the same which are presently available to the members of the Board of Trustees of UTI.

Notification : No. SO 43(E); dated 15-1-2003, issued by Department of Economic Affairs.

SCHEME

Specified Undertaking of the Unit Trust of India (Management of Schemes, Assets, Investment, Term of Office, Fees, Allowances and Conditions of Appointment of Advisers and Miscellaneous Provisions) Scheme, 2003

NOTIFICATION NO. SO 854(E), DATED 25-7-2003, ISSUED BY DEPARTMENT OF ECONOMIC AFFAIRS

In exercise of the powers conferred by sub-section (1) of section 20, read with sub-section (2) of section 9 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002), the Central Government hereby makes the following Scheme, namely :—

Short title and commencement

1. (1) This Scheme may be called the Specified Undertaking of the Unit Trust of India (Management of Schemes, Assets, Investment, Term of Office, Fees, Allowances and Conditions of Appointment of Advisers and Miscellaneous Provisions) Scheme, 2003.
- (2) It shall come into force on the date of its publication in the Official Gazette.

Definitions

2. In this Scheme, unless the context otherwise requires,—

- (a) “Act” means the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
- (b) “Adviser” means a person appointed as a member of the Board of Advisers under sub-section (1) of section 9 of the Act;
- (c) “Board of Advisers” means a Board consisting of such members appointed by the Central Government under sub-section (1) of section 9;
- (d) “Scheme” means the scheme made by the Central Government under section 20 of the Act;
- (e) Words and expressions used herein and not defined in this Scheme but defined in the Act shall have the meanings respectively assigned to them in the Act.

Management of the Affairs of the Specified Undertaking

3. (1) The Administrator (including the executives of the Specified Undertaking) shall transact the management functions of the schemes mentioned in Schedule I of the Act in accordance with the procedures laid down in Annex A to this Scheme.
- (2) The investment/dis-investment decisions in respect of Asset Reconstruction Fund, Children Welfare Fund, Senior Citizen Welfare Fund, Rajlakshmi Women Welfare Fund and Investor Protection Fund Terminated Schemes shall be taken by the Administrator under the overall guidance of the Board of Advisers.
- (3) If the Administrator is of the opinion that the circumstances exist which render it necessary for him to take immediate action in matters relating to sub-rules (1) and (2) above, where the interest of the specified

undertaking may be prejudicially affected if such action is deferred until after the next meeting of the Board of Advisers, the Administrator may take such action, but in every such case, he shall as soon as may be after the action is taken, make a written report to the Board of Advisers and to the Central Government containing a statement of the action taken and circumstances under which it was taken.

Qualifications, Terms of office, Disqualification, Vacation of office of members of the Board of Advisers

4. (1) The Member shall be a person of ability, integrity and standing who has adequate knowledge or experience or shown capacity in dealing with the problems relating to economics, law, commerce, banking, finance, industry, public affairs or administration or in any other discipline which in the opinion of the Central Government shall be useful to the Board of Advisers.

(2) Before appointing any member of the Board of Advisers, the Central Government shall satisfy itself that the person does not have any such financial or other interest as is likely to affect prejudicially his functions as member.

(3) Every member shall hold office for a period of one year or until further orders, whichever is earlier, but shall be eligible for reappointment.

(4) Every Member of Board of Advisers (and Administrator) shall before entering upon his office make and subscribe to an oath of office and of secrecy in Form at Annex B to this scheme before assuming the office.

(5) A person shall be disqualified for being appointed as, and for being 'an Adviser,—

(a) if he has at any time been adjudicated as insolvent; or

(b) if he has been found to be unsound mind and stand so declared by a competent court; or

(c) if he has been convicted by a criminal court of an offence which involves moral turpitude.

(6) If an Adviser is absent without leave of the Board for more than three consecutive meetings thereof, he shall be deemed to have vacated his office as such and thereupon his office shall become vacant.

Resignation/Removal from Office

5. The Administrator or any Adviser may by writing under his hand and addressed to the Central Government resigns his office at any time :

Provided that the member shall, unless he is permitted by the Central Government to relinquish office sooner, continue to hold office until the expiry of one month from the date of receipt of such notice or until a person duly appointed as a successor enters upon his office or until the expiry of his term of office, whichever is the earliest.

Casual Vacancy

6. A casual vacancy caused by the resignation or removal of any member of the Board of Advisers under para 5 or otherwise shall be filled by fresh appointment.

Defects in appointments not to invalidate acts etc.

7. (1) No act or proceedings of the Board of Advisers shall be invalid by reason only of the existence of any vacancy among its members or any defect in the constitution thereof; or

(2) Any defect in the appointment of a person acting as a member of the Board of Advisers; or

(3) Any irregularity in the procedure of the Board of Advisers not affecting the merits of the case.

Salary and Allowances

8. Every member of a Board of Advisers shall,—

(1) receive a fee of two thousand rupees for each Board meeting which he attends;

(2) be reimbursed his own actual travelling expenses, if any, and shall be paid halting allowance of two hundred eighty rupees every day reckoned from the time of departure of the Adviser from his headquarters or if the journey is made from another station, from such station;

(3) An Adviser who is an officer of the Central Government shall be paid travelling and halting allowances in accordance with Government Notification No. S.O. 43(E) dated 15-1-2003.

Meetings of the Board of Advisers

9. (1) The Administrator shall be the Chairperson of the meetings of the Board of Advisers and shall convene and preside over the meetings of the Board of Advisers which may be held ordinarily at his office or at any other place in India.

(2) The Board shall be free to frame its own procedure for transaction of its business from time to time.

(3) Notwithstanding anything contained in the procedure of transaction of business of meetings of the Board of Advisers, on the notice given by minimum two Advisers of the Board of Advisers, a meeting of the Board of Advisers shall be convened.

(4) If the Central Government is of the opinion that it is necessary to convene the meetings of the Board of Advisers for the purpose of carrying out the provisions of the Act, the Board of Advisers shall convene the meeting as such.

(5) Ordinarily, a notice of not less than seven clear days shall be given for convening the meeting. In exigencies, the meeting could be convened at a notice of not less than twenty four hours.

(6) Three members, including the Administrator, shall constitute a quorum. The Board shall take decision based on opinion of majority.

(7) Any member who has a direct or indirect pecuniary interest on any of the matter in the agenda of the Board shall disclose and shall not take part in the deliberation or decision with respect to that matter.

(8) The Administrator or any Adviser authorised in his absence by the Central Government shall circulate the proceedings of each meeting for information and confirmation of each Adviser within two days of the meeting.

(9) The Board of Advisers shall meet at least six times a year, and the gap between the two meetings shall not be more than seventy five days.

Borrowing Power

10. The Administrator may take all such acts or things as may be incidental to or consequential upon the discharge of his functions under section 10 of the Act.

Interpretation

11. If any question arises relating to the interpretation of any of the provisions of this Scheme, the same shall be referred to the decision of Central Government, which shall be final.

Annex A to the Scheme

[see section 3(1)]

Transactions shall be guided by the redemption requirements.

Primary Market (Equity) - Includes IPOs, Open offers, private placement, rights, buyback offers (other than through market operations), warrant conversions, etc.

<i>Primary Market</i>	<i>Recommended by</i>	<i>Vetting by</i>	<i>Approving authority</i>
(a) Purchase of Equity Shares : (IPOs, preferential allotment, rights, underwriting etc.)	Fund Managers of the respective scheme	The Head of Respective DFMs	Committee consisting of ED & Administrator : Upto Rs. 40 crore. Advisory Board : All the proposals above Rs. 40 crore.
(b) Sale of Equity Shares : [open offers, buybacks (other than through secondary market) etc.]	Fund Managers of the respective scheme	The Head of Respective DFMs	Committee consisting of ED & Administrator : Upto Rs. 40 crore Advisory Board : All the proposals above Rs. 40 crore.

For all primary market equity transactions, the disbursement of funds/tendering of equity shares by Department of Fund Accounts will be supported by scheme-wise recommendation of fund managers and approval thereof as above.

Approving authority would consider the investment/divestment only if the same is recommended by the concerned fund managers.

Secondary Market (Equity) - Secondary market equity transactions (excepting transactions under index funds) will be carried out by the Dealing Room (Equity) of UTI AMC based upon requisition notes originated by Fund Managers and approved as per the delegation of powers specified below :

Sections (A) and (B) list down the delegation of power to fund managers for transactions to be undertaken by each fund. Section (C) refers to the execution of transactions of the UTI-I as a whole. The limits for such executions have been set out in section (C) above.

(A) For all schemes except Index funds :

Overall Limit at fund level

<i>Secondary Market Transaction (Equity)</i>	<i>*Approving Authority</i>			
	<i>Fund manager @</i>	<i>Head of the DFM</i>	<i>Administrator</i>	<i>Advisory Board</i>
Total value of transaction by a single scheme in one day	Rs. 10 crore	Rs. 20 crore	Rs. 40 crore	All powers in excess of the delegated authority
	OR	OR	OR	
	Not more than 5% of the fund size of the respective funds	Not more than 7.5% of the fund size of the respective funds	Not more than 10% of the fund size of the respective funds	
	Whichever is Lower	Whichever is lower	Whichever is lower	

(b) Company-wise limit in a fund

<i>Secondary Market Transaction (Equity)</i>	<i>*Approving Authority</i>			
	<i>Fund manager @</i>	<i>Head of the DFM</i>	<i>Administrator</i>	<i>Advisory Board</i>
(b) Total number of shares/value transacted by a single scheme in one day in one company	*Rs. 5 crore	Rs. 10 crore	Rs. 20 crore	All powers in excess of the delegated authority
	OR	OR	OR	
	Not more than 2% of fund for one company	Not more than 5% of fund for one company	Not more than 5% of fund for one company	
	OR	OR	OR	
	Not more than 0.5% of paid-up equity capital of the said company, whichever is	Not more than 1% of paid-up equity capital of the said company,	Not more than 1% of paid-up equity capital of the said	

lower whichever is company,
lower lower whichever is
lower

@ To be signed by at least two officers of the respective DFMs of Grade B and above, of which at least one is the designated Fund Manager of the Scheme.

(c) For calculation of transaction value, fund size etc., the closing price of previous day is considered.

(d) Above-mentioned limits will also include all the equity transactions done by a single scheme through inter-scheme transfer on that day.

EXECUTION IN SECONDARY MARKET

<i>Secondary Market Transaction (Equity)</i>	<i>GM</i>	<i>*Approval for Execution</i>	
		<i>Administrator</i>	<i>Advisory board</i>
Total transaction in terms of number of shares of a company in a day by UTI on consolidated basis	GM (in-charge of Dealing-Secondary market) : 1% & above 1% upto 3% of the paid-up equity capital of the company	CGM/ED (in-charge of Dealing-Secondary market) : above 3% & upto 5% of the paid-up equity capital of the company	More than 5% of the paid-up equity capital of the company

Reporting

PRIMARY MARKET TRANSACTIONS

All the primary market equity transactions should be reported to the CGM/ED (Deptt. of Dealing) and Administrator on the same day by Deptt. of Dealing (Primary Markets).

Report on all primary market purchase of equity shares and sale of equity shares will be placed to Advisory Board meeting for information.

Secondary Market Transactions

- (a) All the transactions in the secondary market by a fund are reported to Head of DFM & CGM/ED in-charge of the DFM on a daily basis.
- (b) Department of Dealing (Secondary Market) prepares on daily basis a report on orders placed which are forwarded to CGM/ED (Dealing) and Administrator for information.
- (c) Summary of all secondary equity market transactions and broker-wise business are placed for the information of Advisory Board in the subsequent meeting.

Control and corrective actions

The above listed delegation of power are controlled through the system driven mechanism whereby checks and balances are established to ensure strict adherence to delegation of power.

If by any chance, there is a violation at any level i.e. transacted amount exceeds the delegated authority, then it is immediately reported to the authority of higher level (who has the delegation for such transaction) along with explanation to seek ratification of the said violation.

Authority to restrict the delegated power

If the situation warrants. Administrator may direct in writing either a particular Fund or all the funds managed by a particular fund manager/s, to seek the approval of the higher level irrespective of the above delegation.

Delegation of power for investments other than equity (Debt) - Currently, the investments in debt (all instruments other than equity) takes place through Department of Dealing-DOD Debt Section in case of secondary market transactions and through Department of Dealing Primary Market Section in case of primary market transactions. The respective sections will obtain the approvals of the appropriate authority, by following the procedure mentioned below.

In the case of primary market debt instruments the DOD sends the proposals received at their end to the Department of Fund Management-DFM (Debt-I, Debt-II and US 64). The DOD, on getting the DFM's interest on the proposal, sends the same to the Committee comprising of ED and Administrator. The PMIC, in case a positive view is taken on the proposal, recommends the proposal to the Administrator for approval.

In the case of secondary market debt instruments the DOD sends the proposals received at their end to the Department of Fund Management (Debt-I, Debt-II and US 64). The DOD, on getting the DFM's interest on the proposal, sends the same to the Administrator for approval.

(A) The following delegation, as a part of internal guidelines, is for debt investments like G-Secs, Corporate debentures (including FCDs, NCDs, PCDs, OFCDs etc.), securitised debt, preference shares etc. (all investments other than equity).

Primary Market Investment (Debt—other than Govt. securities)

1. Includes IPOs, Private placements, Exercising Put option. Subscription to Rights issue etc. (all transactions other than secondary market transactions).

Purchases : The powers applicable will be per company per day

<i>Company/ Instrument Rating</i>	<i>Scrutiny</i>	<i>Recommended by</i>	<i>Approving authority</i>
AA-and above (or any equivalent rating) and NBFCs rated only 'AAA'	Primary Mkt. section by note*	Fund Manager	Ed and Administrator : On the recommendation of Fund Manager, upto Rs. 40 crore for all schemes put together Advisory Board : On recommendation of Fund Manager and PMIC above Rs. 40 crore by EC/ Board for all Schemes put together

	<i>Company/Instrument Rating</i>	<i>Delegation</i>
Purchase	A+ and below (or any equivalent ratings) and NBFCs rated below AAA	Advisory Board : On recommendation of the Fund Manager and Committee consisting of ED and Administrator for all schemes put together
Sale	All transactions like buy-back of debt prepayment etc. irrespective of rating	Administrator : Upto Rs. 40 crore. Advisory Board : Beyond Rs. 40 crore. On recommendation of Fund Manager and Internal Committee.
	Put option on securities	Administrator : Upto Rs. 40 crore. Advisory Board : Beyond Rs. 40 crore. On recommendation of Fund Manager and Internal Committee

Exposure Norms

It is also proposed that the exposure in a single NBFC may be limited to a maximum of the Networth of the NBFC as per the latest audited balance sheet, for all future investments (as against the earlier cap of Rs. 100 crore per NBFC). Networth for this purpose may be computed as :

Networth = Paid-up Share Capital + Reserves and Surplus (excluding Revaluation Reserves) - Miscellaneous Expenditure not written off - Accumulated Losses, if any.

It is also clarified that investment in NBFCs excludes investment in Housing Finance Companies (for which there are separate norms) and Tier II Bonds issued by Banks.

Secondary Market Investment (Debt—other than Govt. securities)

2. Purchases - The powers applicable will be per company per day.

<i>Company/Instrument rating</i>	<i>Scrutiny</i>	<i>Recommended by</i>	<i>Approving authority</i>
AA- and above (or any equivalent ratings)** and NBFCs with credit rating only 'AAA'	Office note by Secondary Mkt. section (debt) (detailed in part B of the memorandum)	Fund Manager	<p>Fund Manager :</p> <p>Upto 2% of Assets under Management of a scheme</p> <p>Or Rs. 5 crore for a scheme whichever is lower.</p> <p>Committee consisting of Executive Director and Administrator :</p> <p>On recommendation of Fund Manager, Upto 5% of Assets under Management of a scheme</p> <p>Or Rs. 20 crore for a scheme whichever is lower.</p> <p>Advisory Board :</p> <p>On recommendation of Fund Manager Above Rs. 20 crore for a scheme</p>
A+ and below (or any equi. Ratings) and NBFCs below rating of AAA	Detailed note by Secondary Mkt. section (debt)****	Fund Manager	Advisory Board
Non-Investment Grade (other instrument without rating)	Detailed note by Secondary Mkt. section (debt)**** (detailed in part B of the memorandum)	Fund Manager	<p>On recommendation of Fund Manager</p> <p>Advisory Board</p> <p>On recommendation of Fund Manager</p>

Sales : The powers applicable will be per company per day.

<i>Company/Instrument rating</i>	<i>Scrutiny</i>	<i>Recommended by</i>	<i>Approving authority</i>
AA-and above (or any Equivalent ratings)**	Office note by Secondary Mkt. section (debt) (detailed in part B of the memorandum)	Fund Manager	<p>Fund Manager :</p> <p>Upto 2% of Assets under Management of a scheme</p> <p>Or Rs. 5 crore for a scheme whichever is lower.</p> <p>Committee consisting of Executive Director and Administrator :</p> <p>On recommendation of Fund</p>

			Manager, Upto 5% of Assets under Management of a scheme Or Rs. 20 crore for a scheme whichever is lower. Advisory Board : On recommendation of Fund Manager above Rs. 20 crore for a scheme
A+ and below (or any equi. Ratings) and NBFCs securities of all ratings	Detailed note by Secondary Mkt. section (debt)****	Fund Manager	Fund Manager : Upto 2% of Assets under Management of a scheme Or Rs. 5 crore for a scheme whichever is lower. Committee consisting of Executive Director and Administrator : On recommendation of Fund Manager, Upto 5% of Assets under Management of a scheme Or Rs. 20 crore for a scheme whichever is lower. Advisory Board : Above Rs. 20 crore for a scheme. On recommendation of Fund Manager.

Amounts mentioned are in face value except in case of discounted bonds where cost of acquisition shall be considered for the purpose.

In case the proposal is for purchase of securities of NBFC the same is put up to the Advisory Board for its approval.

In case the yields at which the recommendation is made is lower/higher for purchases/sales than the yields mentioned for the corresponding rating and modified duration in the matrix used for valuation, at the time of taking decision, the same is approved by the next higher authority as per the delegation.

****The secondary market section does the financial analysis, indicate default status, adherence to the financial norms as prescribed for primary market Investments and regulatory requirements and explicitly state their views on the company's financials.

Execution in Secondary Market : (for UTI-1 as a whole)

<i>Secondary market transactions (other than equity)</i>	<i>AGM</i>	<i>GM</i>	<i>ED</i>
For UTI-1 as a whole per company per day	Rs. 10 crore	Rs. 25 crore	>Rs. 25 crore

1. GOVERNMENT SECURITIES

For the investments in Central Government Securities both through primary and secondary route ten times the amount limits as mentioned under the secondary market investment (debt) shall be applicable with % limits of Assets under Management remaining the same.

Central Government Securities per day : Primary and Secondary Market : Purchase and Sales combined

Approving authority
Fund Manager :
Upto 4% of Assets under Management of a

scheme

Or Rs. 20 crore for a scheme whichever is lower.

Committee consisting of Executive Director and Administrator :

On recommendation of Fund Manager, Upto 10% of Assets under Management of a scheme

Or Rs. 100 crore for a scheme whichever is lower.

Advisory Board :

On recommendation of Fund Manager Above Rs. 100 crore for a scheme

For the investments in State Government Securities both through primary and secondary route five times the amount limits as mentioned under the secondary market investment (debt) shall be applicable with % limits of Assets under Management remaining the same.

State Government Securities per day

Approving authority

Fund Manager :

Upto 4% of Assets under Management of a scheme

Or Rs. 10 crore for a scheme whichever is lower.

Committee consisting of Executive Director and Administrator :

On recommendation of Fund Manager, Upto 10% of Assets under Management of a scheme

Or Rs. 50 crore for a scheme whichever is lower.

Advisory Board :

On recommendation of Fund Manager Above Rs. 50 crore for a scheme

The Fund Manager ensures that all the investment decisions are based on each fund's liquidity, investment objectives, internal guidelines and regulatory restrictions.

Others

The Inter-Scheme Transfers of assets are akin to a secondary market transfer of assets which are based on the current valuations/prices. They do not lead to any fresh exposure for the UTI-I. Hence, the delegation for Inter-Scheme Transfers for companies rated AA—and above and 'AAA' rated NBFCs would be the same as applicable for secondary market transactions. The Inter-Scheme Transfers of NBFCs other than 'AAA' rated and papers rated A+ or below but which are of investment grade are to be approved by Administrator.

(B) *Decision making process/recording of investment decisions* - Details as per Chapter III of Manual of Investment Policies, Guidelines and Risk Control Framework.

(C) *Reporting* - A report on the investments made is put up by the primary market section/secondary market section to the Executive Directors and Administrator on a daily basis for information. A summary of the same is also placed for the information of Advisory Board on a regular basis.

(D) *Control and corrective actions* - The above listed delegation of power are controlled through a system driven mechanism (when introduced) whereby checks and balances are established to ensure strict adherence to delegation of power.

If by any chance, there is a non-adherence at any level i.e., the transacted amount exceeds the delegated authority, it is immediately reported to the competent authority to seek ratification.

ANNEX B

Declaration of fidelity and secrecy

[See section 4(4)]

I do hereby declare that I will faithfully, truly and to the best of my skill and ability execute and perform the duties required of me as Administrator or Adviser of the Administrator of the Specified Undertaking of Unit Trust of India (Specified Undertaking) and which relate to the office or position held by me in the said Specified Undertaking.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the Specified Undertaking or to the affairs of any person having any dealing with the said Specified Undertaking; nor will I allow any such person to inspect or have access to any books or documents belonging to or in the possession of the Specified Undertaking and relating to the business of the said Specified Undertaking or the business of any person having any dealing with the said Specified Undertaking.

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