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IDBI MF scheme transfer to LIC MF in 2-3 months



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By Kshipra Petkar

MUMBAI – LIC Mutual Fund Executive Director and Business Head Nityanand Prabhu expects transfer of IDBI Mutual Fund schemes to be completed in the next two to three months. The asset management companies have sought approval for the same from the Securities and Exchange Board of India.

IDBI MF entered into an agreement to transfer its schemes to LIC MF on Friday. The transfer of schemes is in keeping with SEBI norms that one promoter cannot hold more than 10% stake in two mutual funds.

EXCLUSIVE

Life Insurance Corp of India, the promoter of LIC MF, took controlling stake in IDBI Bank in 2019 in view of the deteriorating condition of the bank. In so doing, LIC also became the majority stake holder in IDBI MF. This left LIC with the option of either selling or merging one of the mutual funds.

Prabhu said that as per regulatory provisions, similar schemes of similar categories are expected to be merged. "...hence, out of 20 schemes of IDBI Asset Management Co, 10 shall be merged with existing schemes of LIC MF AMC. Remaining 10 schemes shall continue with name change under LIC MF product basket."

Post-merger, LIC MF expects its equity assets to rise by 40 bln rupees, Prabhu said.

HE SAID THEY WILL REVIEW THEIR PRODUCT BASKET AND THEN ON THAT BASIS MAY LAUNCH SECTORAL OR THEMATIC FUNDS AT APPROPRIATE TIME.

In Jul-Sep, the average assets under management of LIC Mutual Fund were at 178.79 bln rupees and that of IDBI Bank at 38.02 bln rupees.

As on Sep 30, LIC MF's standing in the industry was 23rd and IDBI MF was at 30th position, according to the Association of Mutual Funds in India.

After the transfer of schemes, LIC MF expects its position to rise by one notch. End

Edited by Ashish Shirke

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