

**SECURITIES AND EXCHANGE BOARD OF INDIA
MUTUAL FUND DEPARTMENT
Mittal Court, A Wing, Gr. Floor,
224, Nariman Point, Mumbai 400 021**

SEBI/ MFD/CIR/2/266/2000
May 19, 2000

To:
All Mutual Funds registered with
Unit Trust of India

Dear Sirs,

Payment of interest for delay in despatch of redemption or repurchase proceeds.

In accordance with sub clause (c) of Regulation 53 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, in the event of failure to despatch the redemption or repurchase proceeds within the period specified in sub-clause (b) of the said regulation i.e 10 working days, asset management company is liable to pay interest to the unitholders at such rate as may be specified by SEBI. Such interest is required to be borne by the Asset Management Company (AMC).

It has now been decided by SEBI that the interest for the period of delay in despatch of redemption or repurchase proceeds, would presently be paid to the unitholders @ 15% per annum. You are advised to ensure that the interest for the period of delay in despatch of repurchase/redemption warrants is added to the proceeds when such payments are made to the investors. The details of such payments should be sent to us alongwith the Quarterly Compliance Test Reports in the enclosed format. Investors should also be informed about the rate and amount of interest paid to them.

Please note that non compliance of these directions may invite action under the provisions of the SEBI Regulations.

Please acknowledge receipt.

Yours faithfully

P.K. Nagpal
DIVISION CHIEF
MUTUAL FUNDS DEPARTMENT

Encl. a/a

**STATEMENT OF INTEREST PAID TO THE INVESTORS FOR DELAYS IN
DESPATCH OF REDEMPTION / REPURCHASE WARRANTS**

Name of the Investor	Date of Receipt of Redemption/	Date of Despatch	Period of	Amount of Interest Paid
----------------------	--------------------------------	------------------	-----------	-------------------------

	Repurchase Request	of Redemption/ Repurchase	Delay	(Rs.)