Syllabus subtopic: Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.

Prelims and Mains focus: about DLSS and its advantages; AMFI; SEBI

News: The Mutual funds sector has asked the government to allow ‘Debt Linked Savings Scheme’ (DLSS) on the lines of Equity Linked Savings Scheme (ELSS) in order to channelize long-term savings of retail investors and deepen the corporate bond market.

Advantages of DLSS proposed by AMFI

- DLSS will help small investors participate in bond markets at low costs and at a lower risk as compared to equity markets.

- This will also bring debt oriented mutual funds on par with tax saving bank fixed deposits, where deduction is available under Section 80C of the Income Tax Act, 1961

Conditions on DLSS

- AMFI said at least 80 per cent of the funds collected under DLSS should be invested in debentures and bonds of companies as permitted under SEBI Mutual Fund Regulations.

- Pending investment of the funds in the required manner, the funds may be invested in short-term money market instruments or other liquid instruments or both, as may be permitted by SEBI.

About Association of Mutual Funds in India (AMFI)

- It is the apex body of mutual funds, dedicated to developing the Indian Mutual Fund Industry on professional, healthy and ethical lines and to enhance and maintain standards in all areas with a view to protecting and promoting the interests of mutual funds and their unit holders.
AMFI, the association of SEBI registered mutual funds in India, was incorporated on August 22, 1995, as a non-profit organisation. It is dedicated to developing the Indian Mutual Fund Industry on professional, healthy and ethical lines and to enhance and maintain standards in all areas with a view to protecting and promoting the interests of mutual funds and their unit holders.

**Asset Management Company (AMC):** An asset management company (AMC) is a firm that invests pooled funds from clients, putting the capital to work through different investments including stocks, bonds, real estate, master limited partnerships, and more. Those that offer public mutual funds or exchange-traded funds (ETFs) are also known as investment companies or mutual fund companies.

**Note:** to read about the difference between the bond market and the equity market click on the link below.