Project Report
On

"A Study of Mutual Fund is better Investment Plan''

Submitted to

G.S. College of Commerce & Economics Nagpur

Affiliated to

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

In partial fulfillment for the award of the degree of

Bachelor of Business Administration

Submitted by

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Under the Guidance of

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G.S. College of Commerce & Economics, Nagpur

Academic Year 2021-22

G.S. College of Commerce & Economics, Nagpur

Academic Year 2021-22

CERTIFICATE

This is to certify that **"Shubhi Verma"** has submitted the project report titled **"A Study of Mutual Fund is better Investment Plan'',** towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that she has ingeniously completed her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

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Place: Nagpur

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Academic Year 2021-22

DECLARATION

I here-by declare that the project with title **"A Study of Mutual Fund is better Investment Plan ''** has been completed by me in partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

Shubhi Verma

Place: Nagpur

Date:

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Academic Year 2021-22

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Shubhi Verma

Place: Nagpur

Date:

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INTRODUCTION

What Is Investment?

The money you earn is spent and the rest saved for meeting future expenses. Instead of keeping the saving idle you may like to use savings in order to get returns on it in the future. This is called investment.

Why should one invest?

One needs to invest to:

- Earn return on your idle resources
- Generate a specified sum of money for a specific goal in life
- Make a provision for an uncertain future

One of the important reasons why one needs to invest wisely is to meet the cost of inflation. Inflation is the rate at which the cost of living increases. The cost of living is simply what it costs to buy the goods and services you need to live. Inflation causes money to lose value because it will not buy the same amount of good or a service in the future as it does now or did in the past.

When To Start Investing:

The sooner one start investing the better. By investing early you allow your investments more time to grow, whereby the concept of compounding increases your income, by accumulating the principal and interest or dividend earned on it, year after year. The three golden rules for all investor are:

- Invest early
- Invest regularly
- Invest for long term and not short term

Investment Options Available:

There are a large number of investment available today. To make our lives easier we would classify or group them. In India, numbers of investment avenues are available for the investors. Some of them marketable and liquid able while others are non-marketable and some of them also highly risky while others are almost risk less. The people has to choose Proper Avenue among them, depending upon his specific needs, risk preferences, and expected. A number of investment in India depend on the size investment and financial objective. These avenues of investments should be wisely selected by an investor as we all know that saving and investing are the sole pillars of financial stability.

INVESTMENT AVENUES:

1. Saving Account

A savings account is an interest-bearing deposit account held at a bank or other financial institution. Though these accounts typically pay a modest interest rate, their safety and reliability make them a great option for parking cash you want available for short-term needs These accounts are one of the most popular deposit for individual accounts. Their account provided cheque facility and a lot of flexibility for deposits and withdrawal of funds from the account.

2. Bank Fixed Deposit:

A fixed deposit (FD) is a financial instrument provided by banks or NBFCs which provides investors a higher rate of interest than a regular savings account, until the given maturity date. It may or may not require the creation of a separate account. It is known as a term deposit or time deposit in India. For a fixed deposit is that the money cannot be withdrawn from the FD as compared to a recurring deposit or a demand deposit before maturity The interest rate varies between 4 and 7.50 percent. The tenure of an FD can vary from 7, 15 or 45 days to 1.5 years and can be as high as 10 years.

3.Public Provident Fund (PPF):

The Public Provident Fund is a savings-cum-tax-saving instrument in India, introduced by the National Savings Institute of the Ministry of Finance in 1968. The aim of the scheme is to mobilize small savings by offering an investment with reasonable returns combined with income tax benefits. The scheme is fully guaranteed by the Central Government. Eligibility: Individuals who are residents of India are eligible to open their account under the Public Provident Fund, and are entitled to tax-free returns.

4. National Saving Certificate:

National Savings Certificates, popularly known as NSC, is an Indian Government Savings Bond, primarily used for small savings and income tax saving investments in India. It is part of the postal savings system of Indian Postal Service (India Post). These can be purchased from any Post Office in India by an adult (either in his/her own name or on behalf of a minor), a minor, a trust, and two adults jointly. The NSC has a maturity period of 5 years.

5.Post Office Savings:

Post Offices across India offer multiple savings schemes, some of which offer high interest to customers. They are Post office Monthly Income Scheme Account, 5-Year Post Office Recurring Deposit Account, Senior Citizen Savings Scheme, 15year Public Provident Fund Account, and Sukanya Samriddhi Accounts. All these schemes are completely risk-free, and you do not need to have large sum of money to start investing in these post office schemes. Some schemes offer tax-saving benefits and some gives tax-free returns. So you need to find out some schemes as per your requirements.

6.Government Securities:

A government security is a bond or other type of debt obligation that is issued by a government with a promise of repayment upon the security's maturity date. Government securities are usually considered low-risk investments because they are backed by the taxing power of a government.

7.Equity share market:

A stock market, equity market or share market is the aggregation of buyers and sellers of stocks (also called shares). The securities traded in the equity market can be either be public stocks, which are those listed on the stock exchange, or privately traded stocks. Equity market is one of the most likely areas but at the same time is also a place where an investor can earn high rates of return that will push up the return of the entire portfolio. Investment in equities can be made directly by the purchase of share from market.

8.Mutual funds:

Mutual funds are basically investment vehicles that comprise the capital of different investors who share a mutual financial goal. A fund manager manages the pool of money that is collected from various investors and invests the money into a variety of investment options such as company stocks, bonds, and shares.

Mutual funds in India are regulated by the Securities and Exchange Board of India (SEBI), and investing in mutual funds is considered to be the easiest way through which you can increase your wealth. Mutual fund units are issued and redeemed by the fund management company based on the fund's net asset value (NAV), which is determined at the end of each trading session. NAV is calculated as the value of all the shares held by the fund, minus expenses, divided by the number of units issued.

9.Life insurances:

Life Insurance is a protection product which forms an integral part of an individual's financial plan. Life insurance provides monetary cover against the life of the insured.

Since the value of the human life cannot be assessed, Insurance companies provide the monetary cover is in terms of sum assured by the insured at the time of taking the policy. Life insurance substitutes for the loss of income in the event of the death of the wage earner. In case of the death of the insured person, the sum assured is paid to the dependent of the deceased. The sum assured depends on many parameters like age of the insured, current earnings, health condition of the persons and many other parameters as specified by the insurance companies. Based on the information provided by the individual, insurance companies will calculate the premium payable by the insured.

10.Corporate Bonds and Debentures:

Bonds & debentures, these two words can be used interchangeably. In Indian markets, we use the word bonds to indicate debt securities issued by government, semi-government bodies and public sector financial institutions and companies. We use the word debentures to refer to the debt securities issued by private sector companies.

BONDS: - Debt securities issued by Govt. or public sector companies

DEBENTURES: - Debt securities issued by private sector companies When you purchase a bond, you are lending money to a government, municipality, corporation, or public entity known as the issuer. The issuer promises to pay a specified rate of interest during the life of the bond, in return for the loan. They also promises to repay the face value of the bond (the principal) when it "matures".

11.Real Estate:

In real estate, money is used to purchase property for the purpose of holding, reselling or leasing for income and there is an element of capital risk. Residential real estate includes undeveloped land, houses, condominiums, and townhouses. The structures may be single family or multi-family dwellings and may be owner-occupied or rental properties.

Commercial real estate includes non-residential structures such as office buildings, warehouses, and retail buildings. These buildings may be free standing or in shopping malls. Industrial real estate includes factories, business parks, mines, and farms. These properties are usually larger in size and locations may include access to transportation hubs such as rail lines.

12.Gold/Silver:

India is the largest consumer of gold in the world. In India we use gold mainly as jewels. Gold as an instrument tool always give good returns, flexibility, safety and liquidity to the investors.

INTRODUCTION OF MUTUAL FUND

There are a lot of investment avenues available today in the financial market for an investor with an investable surplus. He can invest in Bank Deposits, Corporate Debentures, and Bonds where there is low risk but low return. He may invest in Stock of companies where the risk is high and the returns are also proportionately high. The recent trends in the Stock Market have shown that an average retail investor always lost with periodic bearish tends. People began opting for portfolio managers with expertise in stock markets who would invest on their behalf. Thus we had wealth management services provided by many institutions. However they proved too costly for a small investor. These investors have found a good shelter with the mutual funds.

CONCEPT OF MUTUAL FUND

A mutual fund is a common pool of money into which investors place their contributions that are to be invested in accordance with a stated objective. The ownership of the fund is thus joint or "mutual"; the fund belongs to all investors. A single investor's ownership of the fund is in the same proportion as the amount of the contribution made by him or her bears to the total amount of the fund.

Mutual Funds are trusts, which accept savings from investors and invest the same in diversified financial instruments in terms of objectives set out in the trusts deed with the view to reduce the risk and maximize the income and capital appreciation for distribution for the members. A Mutual Fund is a corporation and the fund manager's interest is to professionally manage the funds provided by the investors and provide a return on them after deducting reasonable management fees.

The objective sought to be achieved by Mutual Fund is to provide an opportunity for lower income groups to acquire without much difficulty financial assets. They cater mainly to the needs of the individual investor whose means are small and to manage investors portfolio in a manner that provides a regular income, growth, safety, liquidity and diversification opportunities for a small investors.

DEFINITION

"Mutual funds are collective savings and investment vehicles where savings of small (or sometimes big) investors are pooled together to invest for their mutual benefit and returns distributed proportionately. "A mutual fund is an investment that pools your money with the money of an unlimited number of other investors. In return, you and the other investors each own shares of the fund. The funds assets are invested according to an investment objective into the funds portfolio of investments. Aggressive growth funds seek long-term capital growth by investing primarily in stocks of fast-growing smaller companies or market segments. Aggressive growth funds are also called capital appreciation funds".

Why Select Mutual Funds?

The risk return trade-off indicates that if investor is willing to take higher risk then correspondingly, he can expect higher returns and vise versa if he pertains to lower risk instruments, which would be satisfied by lower returns. For example, if an investors opt for bank FD, which provide moderate return with minimal risk. But as he moves ahead to invest in capital protected funds and the profit-bonds that give out more return which is slightly higher as compared to the bank deposits but the risk involved also increases in the same proportion.

Thus investors choose mutual funds as their primary means of investing, as Mutual funds provide professional management, diversification, convenience and liquidity. That doesn't mean mutual fund investments risk free.

RETURN RISK MATRIX

VENTURE

HIGHER RISK MODERATE RETURNS

EQUITY

HIGHER RISK HIGHER RETURN

POSTAL SAVINGS

BANK FD

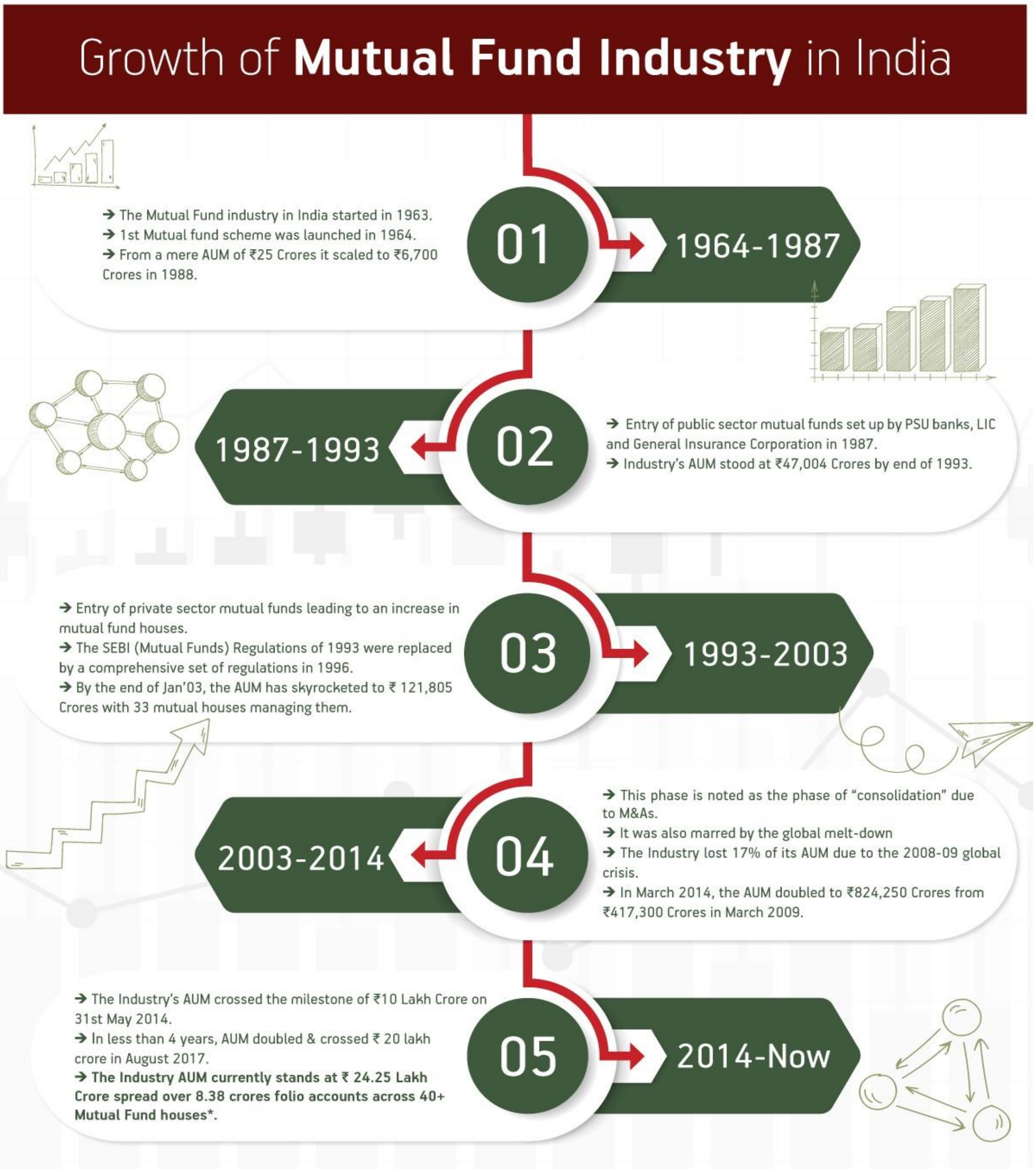
LOWER RISK LOWER

MUTUAL FUNDS

LOWER RISK HIGHER

HISTORY OF MUTUAL FUNDS IN INDIA

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank. The history of mutual funds in India can be broadly divided into five distinct phases.



First Phase 1964-1987

- The Mutual fund industry in India started in 1963.
- 1st Mutual fund schemes was launched in 1964.
- From a mere AUM of Rs 25 crore it scaled to 6,700

Second Phase 1987-1993

- Entry of public sector mutual fund set up by PSU banks, LIC and General Insurance
  Corporation in 1987
- Industry's AUM stood at Rs 47,004 crore by end of 1993

Third Phase 1993-2003

- Entry of private sector mutual fund leading to an increase in mutual fund houses
- The SEBI (Mutual fund) Regulations of 1993 were replaced by a comprehensive set of regulations in 1996
- By the end of Jan 03, the AUM has skyrocketed to Rs 121,805 crore with 33 mutual
  houses managing them

Fourth Phase 2003-2014

- This phase is noted as the phase of "consolidation" due to M&As.
- It was also marred by the global melt-down
- The Industry lost 17% of its AUM due to the 2008-2009 global crisis.

- In march 2014, the AUM doubled to Rs 824,250 crores from Rs 417,300 crore in
  march 2009.

Fifth Phase 2014- Present

- The Industry's AUM crossed the milestone of Rs10 Lakh crore on 31 st May 2014
- In less than 4 years, AUM doubled & crossed Rs 20 Lakh crore in August 2017.
- The Industry AUM currently stand at Rs 24.25 Lakh crore spread over 8.38 crore folio accounts across 40+ Mutual Fund houses.

ADVANTAGES OF MUTUAL FUNDS:

If mutual funds are emerging as the favorite investment vehicle, it is because of the many advantages they have over other forms and the avenues of investing, particularly for the investor who has limited resources available in terms of capital and the ability to carry out detailed research and market monitoring. The following are the major advantages offered by mutual funds to all investors:

1. Portfolio Diversification:

Each investor in the fund is a part owner of all the fund's assets, thus enabling him to hold a diversified investment portfolio even with a small amount of investment that would otherwise require big capital.

2. Reduction/Diversification Of Risk:

When an investor invests directly, all the risk of potential loss is his own, whether he places a deposit with a company or a bank, or he buys a share or debenture on his own or in another from. While investing in the pool of funds with investors, the potential losses are also shared with other investors. The risk reduction is one of the most important benefits of a collective investment vehicle like the mutual fund.

3. Reduction Of Transaction Costs:

What is true of risk as also true of the transaction costs? The investor bears all the costs of investing such as brokerage or custody of securities. When going through a fund, he has the benefit of economies of scale; the funds pay lesser costs because of larger volumes, a benefit passed on to its investors.

4. Tax Benefits:

Any income distributed after March 31, 2002 will be subject to tax in the assessment of all Unit holders. However, as a measure of concession to Unit holders of open-ended equity- oriented funds, income distributions for the year ending March 31, 2003, will be taxed at a concessional rate of 10.5%.

In case of Individuals and Hindu Undivided Families a deduction up to Rs. 9,000 from the Total Income will be admissible in respect of income from investments specified in Section 80L, including income from Units of the Mutual Fund. Units of the schemes are not subject to Wealth-Tax and Gift-Tax.

DISADVANTAGES OF INVESTING THROUGH MUTUAL FUNDS:

1. No Control Over Costs:

An investor in a mutual fund has no control of the overall costs of investing. The investor pays investment management fees as long as he remains with the fund, albeit in return for the professional management and research. Fees are payable even if the value of his investments is declining. A mutual fund investor also pays fund distribution costs, which he would not incur indirect investing. However, this shortcoming only means that there is a cost to obtain the mutual fund services.

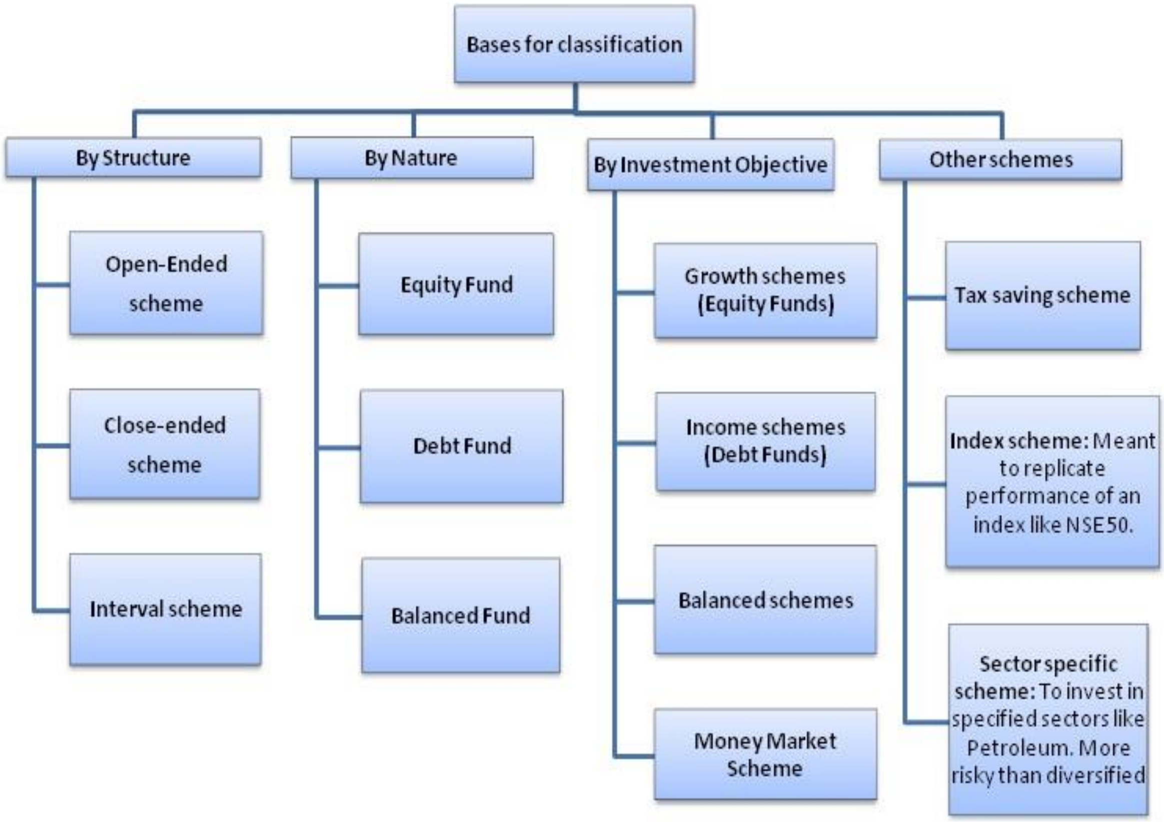
2. Managing a Portfolio of Funds:

Availability of a large number of funds can actually mean too much choice for the investor. He may again need advice on how to select a fund to achieve his objectives, quite similar to the situation when he has individual shares or bonds to select.

3. Dilution:

Mutual funds generally have such small holdings of so many different stocks that insanely great performance by a funds top holdings still doesn't make much of a difference in mutual funds total performance.

TYPES OF MUTUAL FUNDS SCHEMES IN INDIA



A) BY STRUCTURE

1. Open - Ended Schemes:

An open-end fund is one that is available for subscription all through the year. These do not have a fixed maturity. Investors can conveniently buy and sell units at Net Asset Value ("NAV") related prices. The key feature of open-end schemes is liquidity.

2. Close - Ended Schemes:

A closed-end fund has a stipulated maturity period which generally ranging from 3 to 15years. The fund is open for subscription only during a specified period. Investors can invest in the scheme at the time of the initial public issue and thereafter they can buy or sell the units of the scheme on the stock exchanges where they are listed. In order to provide an exit route to the investors, some close-ended funds give an option of selling back the units to the Mutual Fund through periodic repurchase at NAV related prices. SEBI Regulations ensure that at least one of the two exit routes is provided to the investor.

3. Interval Schemes:

Interval Schemes are that scheme, which combines the features of open-ended and close ended schemes. The units may be traded on the stock exchange or may be open for sale or redemption during pre-determined intervals at NAV related prices.

B) BY NATURE

1. Equity Fund:

These funds invest a maximum part of their corpus into equities holdings. The structure of the fund may vary different for different schemes and the fund manager's outlook on different stocks. The Equity Funds are sub-classified depending upon their investment objective, as follows:

- Diversified Equity Funds
- Mid-Cap Funds

- Sector Specific Funds
- Tax Savings Funds (ELSS)

Equity investments are meant for a longer time horizon, thus Equity funds rank high on the risk-return matrix.

2. Debt Funds:

The objective of these Funds is to invest in debt papers. Government authorities, private companies, banks and financial institutions are some of the major issuers of debt papers. By investing in debt instruments, these funds ensure low risk and provide stable income to the investors. Debt funds are further classified as:

- Gilt Funds
- Income Funds
- MIPs
- Short Term Plans (STPs
- Liquid Funds

C) BY INVESTMENT OBJECTIVE:

1. Growth Schemes:

Growth Schemes are also known as equity schemes. The aim of these schemes is to provide capital appreciation over medium to long term. These schemes normally invest a major part of their fund in equities and are willing to bear short-term decline in value for possible future appreciation.

2. Income Schemes:

Income Schemes are also known as debt schemes. The aim of these schemes is to provide regular and steady income to investors. These schemes generally invest in fixed income securities such as bonds and corporate debentures. Capital appreciation in such schemes may be limited

3. Balanced Schemes:

Balanced Schemes aim to provide both growth and income by periodically distributing apart of the income and capital gains they earn. These schemes invest in both shares and fixed income securities, in the proportion indicated in their offer documents (normally 50:50).

4. Money Market Schemes:

Money Market Schemes aim to provide easy liquidity, preservation of capital and moderate income. These schemes generally invest in safer, short-term instruments, such as treasury bills, certificates of deposit, commercial paper and inter-bank call money.

SELECTION PARAMETERS FOR MUTUAL FUND

- **Your objective:**

The first point to note before investing in a fund is to find out whether your objective matches with the scheme. It is necessary, as any conflict would directly affect your prospective returns. Similarly, you should pick schemes that meet your specific needs. Examples: pension plans, children's plans, sector-specific schemes, etc.

- **Your risk capacity and capability**:

This dictates the choice of schemes. Those with no risk tolerance should go for debt schemes, as they are relatively safer. Aggressive investors can go for equity investments. Investors that are even more aggressive can try schemes that invest in specific industry or sectors.

- **Fund Manager's and scheme track record:**

Since you are giving your hard earned money to someone to manage it, it is imperative that he manages it well. It is also essential that the fund house you choose has excellent track record. It also should be professional and maintain high transparency in operations. Look at the performance of the scheme against relevant market benchmarks and its competitors. Look at the performance of a longer period, as it will give you how the scheme fared in different market conditions.

- **Cost factor:**

Though the AMC fee is regulated, you should look at the expense ratio of the fund before investing. This is because the money is deducted from your investments. A higher entry load or exit load also will eat into your returns. A higher expense ratio can be justified only by superlative returns. It is very crucial in a debt fund, as it will devour a few percentages from your modest returns.

RISK FACTORS OF MUTUAL FUNDS:

1. **Market Risk:**

Sometimes prices and yields of all securities rise and fall. Broad outside influences affecting the market in general lead to this. This is true, may it be big corporations or smaller mid-sized companies. This is known as Market Risk. A Systematic Investment Plan ("SIP") that works on the concept of Rupee Cost Averaging ("RCA") might help mitigate this risk.

2. **Credit Risk:**

The debt servicing ability (may it be interest payments or repayment of principal) of a company through its cash flows determines the Credit Risk faced by you. This credit risk is measured by independent rating agencies like CRISIL who rate companies and their paper. A' AAA' rating is considered the safest whereas a 'D' rating is considered poor credit quality. A well-diversified portfolio might help mitigate this risk.

3. Inflation Risk:

Inflation is the loss of purchasing power over time. A lot of times people make conservative investment decisions to protect their capital but end up with a sum of money that can buy less than what the principle could at the time of the investment.

This happens when inflation grows faster than the return on your investment. A well-diversified portfolio with some investment in equities might help mitigate this risk.

4. Interest Rate Risk:

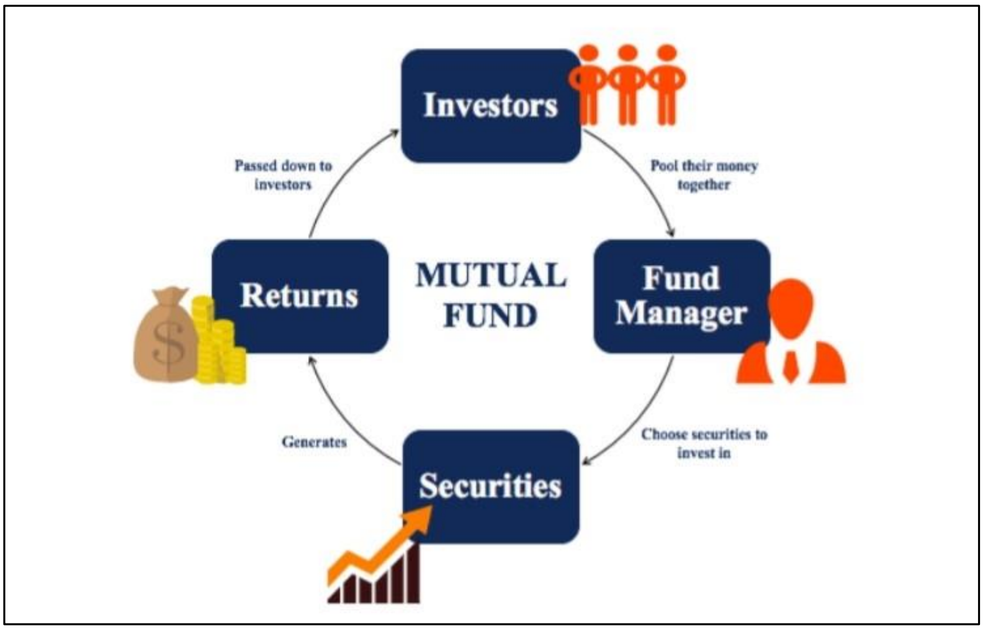
In a free market economy interest rates are difficult if not impossible to predict. Changes in interest rates affect the prices of bonds as well as equities. If interest rates rise the prices of bonds fall and vice versa. Equity might be negatively affected as well in a rising interest rate environment. A well-diversified portfolio might help mitigate this risk.

5. Liquidity Risk:

Liquidity risk arises when it becomes difficult to sell the securities that one has purchased. Liquidity Risk can be partly mitigated by diversification, staggering of maturities as well as internal risk controls that lean towards purchase of liquid securities.

STRUCTURE OF MUTUAL FUNDS

WORKING OF MUTUAL FUNDS

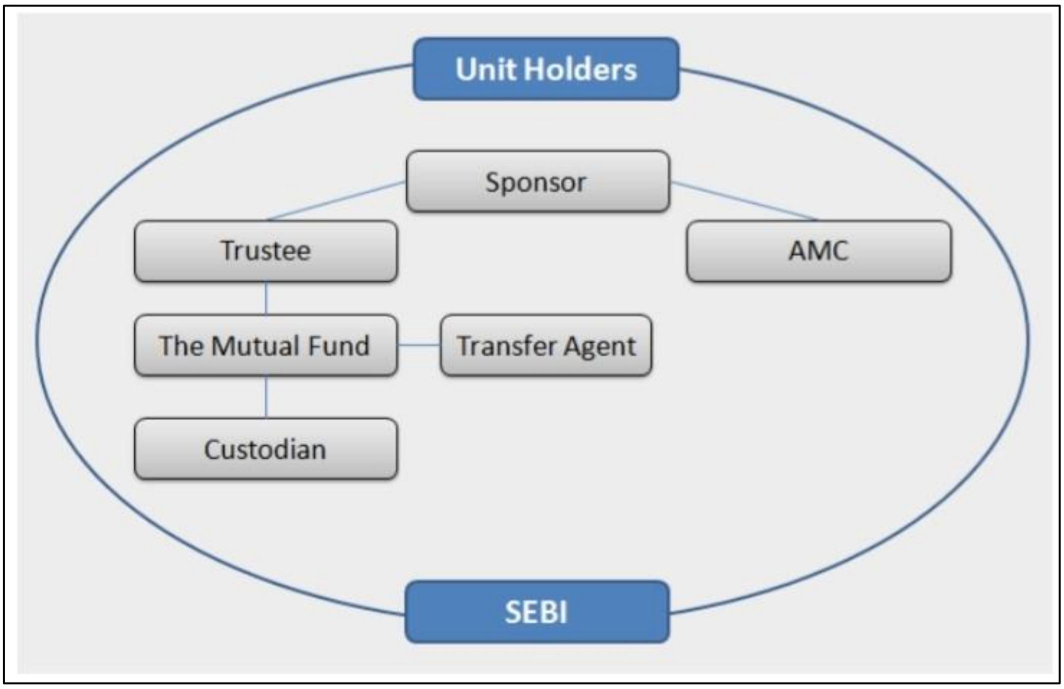


The mutual fund collects money directly or through brokers from investors. The money is invested in various instruments depending on the objective of the scheme. The income generated by selling securities or capital appreciation of these securities is passed on to the investors in proportion to their investment in the scheme. The investments are divided into units and the value of the units will be reflected in Net Asset Value or NAV of the unit. NAV is the market value of the assets of the scheme minus its liabilities. The per unit NAV is the net asset value of the scheme divided by the number of units outstanding on the valuation date. Mutual fund companies provide daily net asset value of their schemes to their investors. NAV is important, as it will determine the price at which you buy or redeem the units of a scheme. Depending on the load structure of the scheme, you have to pay entry or exit load.

STRUCTURE OF A MUTUAL FUND

The structure of Mutual Funds in India is a three -tier one. There are three distinct entities involved in the process-

The sponsor (who creates a mutual fund), Trustees and the Asset Management Company (which oversees the fund management). The structure of mutual fund has come into existence due to SEBI Mutual Fund Regulations, 1996. Under these regulations, a mutual fund is created as a public trust.



The Fund Sponsor

Sponsor is defined under SEBI regulations as any person who, acting alone or in combination of another corporate body establishes a Mutual Fund. The sponsor of the fund is akin to the promoter of a company as he gets the fund registered with SEBI. The sponsor forms a trust and appoints a Board of Trustees. The sponsor also appoints the Asset Management Company as fund managers. The sponsor either directly or acting through the trustees will also appoint a custodian to hold funds assets. All these are made in accordance with the regulation and guidelines of SEBI.

As per the SEBI regulations, for the person to qualify as a sponsor, he must contribute at least40% of the net worth of the Asset Management Company and possesses a sound financial track record over 5 years prior to registration.

Trust & Trustees

Trust and Trustees form the second layer of the structure of mutual fund in India. A trust is created by the fund sponsor in favour of trustees, through a document called a Trust Deed. The trust is managed by the trustees and they are answerable to investors. They can be seen a primary guardians of fund and assets. Trustees can be formed by 2 ways- A trustee company or a board of trustees. The trustees work to monitor the activities of the mutual fund and check it’s compliances with SEBI Regulation.

The Asset Management Companies (AMC)

AMCs are the third layer in the structure of Mutual Funds. The Asset Management Companies act as the fund manager or as a investment manager for the trust. A small fee is paid to the AMC for managing the fund. The AMC is responsible for all the fund-related activities. It initiates various schemes and launches the same. The AMC is bound to manage funds and provide services to the investors. It solicits these services with other elements like brokers, auditors, bankers, registrars, lawyers, etc. and works with them. To ensure that there is no conflict between the AMCs, there are certain restrictions imposed on the business activities of the companies.

Custodian

A custodian is responsible for the safe keeping of the securities of the Mutual Funds. They manage the investment accounts of the mutual fund, ensure the delivery and transfer of the securities. They also collect and track the dividends and interests received on the mutual fund investments.

Registrar and Transfer Agents (RTAS)

These are the entities who provide the services to mutual funds. RTAS are more like the operational arm of mutual funds.

REGULATORY STRUCTURE OF MUTUAL FUNDS IN INDIA

The structure of mutual funds in India is guided by the SEBI. Regulations, 1996.Theseregulations make it mandatory for mutual fund to have three structures of sponsor trustee and asset Management Company. The sponsor of the mutual fund and appoints the trustees. The trustees are responsible to the investors in mutual fund and appoint the AMC for managing the investment portfolio. The AMC is the business face of the mutual fund, as it manages all the affairs of the mutual fund. The AMC and the mutual fund have to be registered with SEBI.

SEBI REGULATIONS

- As far as mutual funds are concerned, SEBI formulates policies and regulates the mutual funds to protect the interest of the investors.
- SEBI notified regulations for the mutual funds in 1993. Thereafter, mutual funds sponsored by private sector entities were allowed to enter the capital market.
- The regulations were fully revised in 1996 and have been amended thereafter from time to time.
- SEBI has also issued guidelines to the mutual funds from time to time to protect the interests of investors.
- All mutual funds whether promoted by public sector or private sector entities including those promoted by foreign entities are governed by the same set of Regulations. The risks associated with the schemes launched by the mutual funds sponsored by these entities are of similar type. There is no distinction in regulatory requirements for these mutual funds and all are subject to monitoring and inspections by SEBI.
- SEBI Regulations require that at least two thirds of the directors of trustee company or board of trustees must be independent i.e. they should not be associated with the sponsors.
- Also, 50% of the directors of AMC must be independent. All mutual funds are required to be registered with SEBI before they launch any scheme.

- Further SEBI Regulations, inter-alia, stipulate that MFs cannot guarantee returns in any scheme and that each scheme is subject to 20 : 25 condition [I.e. minimum 20 investors per scheme and one investor can hold more than 25% stake in the corpus in that one scheme].
- Also SEBI has permitted MFs to launch schemes overseas subject various restrictions and also to launch schemes linked to Real Estate, Options and Futures, Commodities, etc.

ASSOCIATION OF MUTUAL FUNDS IN INDIA (AMFI)

The Association of Mutual Fund in India has been established to develop the industry of Mutual funds in India. Its aim is to make this industry on professional, ethical and healthy lines. This is done to enhance this industry and maintain standards so that the interested of the shareholders are promoted and protected.

AMFI was incorporated on 22nd August 1995 as a non- profit organization.

It is an association of SEBI registered mutual funds in India of all the registered Asset Management Companies.

AMFI Publications

AMFI publish mainly two types of bulletin. One is on the monthly basis and the other is quarterly. These publications are of great support for the investors to get intimation of the knowhow of their parked money.

MUTUAL FUNDS IN INDIA

MUTUAL FUNDS IN INDIA

In India, a significant portion of the population is shifting their investment ways towards Mutual funds. Traditional methods of investment such as gold, real estate, bank deposits, etc., are slowly losing their popularity. The main reason behind mutual funds garnering attention as a popular investment vehicle is due to its ability to generate higher returns when compared to the conventional methods of investment such as the ones mentioned above.

According to industry experts, the mutual fund industry in India has a huge growth potential and as on 30 November 2018, manages assets worth Rs.24,03,134 crore. The AUM (Assets Under Management) of the industry has grown by six fold in a span of 10 years and this growth is expected to continue in the com

MUTUAL FUND COMPANIES IN INDIA

The concept of mutual funds in India dates back to the year 1963. The era between 1963 and 1987 marked the existence of only one mutual fund company in India with Rs. 67bn assets under management (AUM), by the end of its monopoly era, the Unit Trust of India (UTI). By the end of the 80s decade, few other mutual fund companies in India took their position in mutual fund market.

There are 44 asset management companies (AMCs) or mutual fund houses operating in India. These companies manage the investments of investors to fetch them optimal returns.

Major Mutual Fund Companies in India

UTI ASSET MANAGEMENT COMPANY

UTI mutual Fund is a professionally managed company led by Board of Directors and a dedicated and experienced management team. For purposes of the SEBI Mutual Fund Regulations, there are four sponsors such as State Bank of India, Life Insurance Corporation of India, Punjab National Bank and Bank of Baroda, each of which has the Government of India as a majority shareholder. T. Rowe Price Group, Inc., a global asset management company, is the major shareholder. They have a national footprint and offer schemes through a diverse range of distribution channels. As their distribution network includes 163 UTI Financial Centers, 273 Business Development Associates and Chief Agents (46 of whom operate Official Points of Acceptance and 33 other OPAs.

KOTAK MAHINDRA ASSET MANAGEMENT COMPANY

Kotak Mahindra Asset Management Company Limited (KMAMC), a wholly owned subsidiary of Kotak Mahindra bank Limited (KMBL), is the Asset Manager for Kotak Mahindra Mutual Fund (KMMF). KMAMC started operations in December 1998 and has approximately 7.5 Lac investors in various schemes. KMMF offers schemes catering to investors with varying risk - return profiles and was the first fund house in the country to launch a dedicated gilt scheme investing only in government securities. The company is present in 76 cities and has 79 branches. The group has a net worth of Rs.7,911 crore and employs around 20,000 employees across its various businesses, servicing around 7 million customer accounts through a distribution network of 1,716 branches, franchisees and satellite offices across more than 470 cities and towns in India and offices in New York, California, San Francisco, London, Dubai, Mauritius and Singapore.

ADITYA BIRLA SUN LIFE ASSET MANAGEMENT COMPANY

It is established in 1994, Aditya Birla Sun Life AMC Limited, is a joint venture between the Aditya Birla Capital Limited and Sun Life AMC Investments Inc. It is primarily the investment manager of Aditya Birla Sun Life Mutual Fund, a registered trust under the Indian Trusts Act, 1882. Additionally, it has various other business lines such as Portfolio Management Services, Real Estate Investments and Alternative Investment Funds. The Portfolio Management Service is a highly customized service designed to seek consistent long-term results by adopting a research based, methodical approach to investing. The Real Estate Investment Advisory business is a platform that enables investors to access 'Real Estate Investments' opportunities meant for investors on a private placement basis. Aditya Birla Capital, through its subsidiaries and joint ventures, manages aggregate assets worth Rs. 3,000 plus billion and has a lending book of over Rs. 619 billion as of June 30th, 2019

SBI MUTUAL FUND

SBI Mutual Fund is one of India's largest and oldest MFs. The SBI Mutual Fund is a Joint Venture between one of India's largest and most profitable banks, the State Bank of India, and Amundi, which is a French asset management company. SBI Mutual Fund was set up on June 29, 1987 and was incorporated on February 7, 1992. It was India's second Mutual Fund after the Unit Trust of India started operations in 1963. In July 2004, the SBI decided to divest 37% of the Fund and roped in Amundi as a partner. It was the first Indian Mutual Fund player to launch a 'Contra' fund, called the SBI Contra Fund. SBI Mutual Fund is the first in India to launch an ESG Fund. An acronym for Environment, Social and Governance, the fund provides resources for sustainable investment in major markets. According to the latest reports, the SBI Bank Mutual Fund has witnessed a 7% growth in AUM in 2019. This is more than any other competing MF.

ICICI PRUDENTIAL MUTUAL FUND

ICICI Prudential is the leading Asset Management company in the country focused on bringing the gap between saving and investment and creating long wealth for investor throughout a range of simple and relevant investment solutions. It is a joint venture between ICICI Bank, a well-known trusted bank in financial services in India and Prudential Plc, a UK's largest player in financial services sector. The AMC has witnessed the substantial growth in scale; from 2 location and 6 employees at the inception of JV in 1998, to a current strength of 2062 employees with a reach of over 300 locations reaching out to an investor base of more than 4 million investor. The company momentum has been exponential and it has always focused on increasing accessibility of its investors. The AMC endeavors to simply its investor's journey to meet its financial goals, and give a good investor experience through innovation, consistency and sustained risk adjusted performance.

NIPPON LIFE INDIA ASSET MANAGEMENT COMPANY

Nippon India Mutual Fund has been established as a trust under the Indian Trusts Act, 1882. Nippon Life Insurance Company is the Sponsor and Nippon Life India Trustee Ltd is the

Trustee. Nippon India Mutual Fund has been registered with the Securities & Exchange Board of India (SEBI) on June 30, 1995. Nippon India Mutual Fund was earlier known as Reliance Mutual Fund. The name of Mutual Fund was changed from Reliance Mutual Fund to Nippon India Mutual Fund effective September 28, 2019. The main objectives are To carry on the activity of a mutual fund as may be permitted by law, and formulate and devise various collective schemes of saving and investment for people in India and abroad, and also insure liquidity of investments for the units holders and also to deploy funds thus raised so as to help the unit holders reasonable return on their saving.

HDFC ASSET MANAGEMENT COMPANY

HDFC AMC is India's largest and most profitable mutual fund manager with 0.8trillion in assets under management. Started in 1999, They were set up as a joint venture between Housing Development Finance Corporation Limited and

Standard Life Investments Limited. During FY18-19 we carried out an initial public offering, and became a publicly listed company in August 2018. Currently, 20% of the company is owned by the public. HDFC Asset Management Company is the investment manager to the schemes of HDFC Mutual Fund. They offer a comprehensive suite of savings and investment products across asset classes, which provide income and wealth creation opportunities to the large retail and institutional customer base of 9.4 million live accounts. They work with diverse sets of distribution partners which helps us expand our reach. We currently have over 70 thousand empaneled distributors which include independent financial advisors, national distributors and banks. We serve our customers and distribution partners in over 200 cities through our network of 220 branches and 1221 employees.

PRINCIPAL ASSET MANAGEMENT COMPANY

Principal Asset management Private Limited. is an investment manager of principal mutual fund which offers financial solutions short-term investment to mid-term investment to long-term investment financial goals set by investors. It follows a focused fund management and disciplines risk management strategy that is ably supported by a thorough credit and economic research. Principal AMC manages assets under various debt and equity funds with average AUM of Rs.6601.5 Crore. which is contributed by over 5.5 Lakh investors. At Principal Mutual Fund, they offer products that provide a mix of short term, mid-term and long-term investment financial goals. It is very well guided by integrity, trust and knowledge and also the team applies a disciplined and research-based approach to design investment tools to suits various income levels and portfolio.

L & T ASSET MANAGEMENT COMPANY

L&T Investment Management Ltd. is the asset management company of L&T Mutual Fund. The company is a wholly-owned subsidiary of L&T Finance Holdings Ltd., which is a publicly-listed NBFC.L&T Mutual Fund is a mutual fund company in India. It caters to the investment needs of investors through various mutual fund schemes. The company claims to have sound investment management practices and a knowledgeable fund management team. The CEO is Kailash Kulkarni. The AUM of Rs.70944.93 Crore and headquarters are in Mumbai and founded in 2010. As of FY 2017-18, the company has a total income of Rs. 1,20,356.11 Lakh, profit before tax of Rs. 25,527.36 Lakh, and a profit after tax of Rs. 16,635.59 Lakh. L&T Investment Management Ltd. offers 146 schemes and has an asset under management worth Rs. 70,944 Crore as of 31 March 2019.

HYPOTHESIS

HYPOTHESIS

Hypothesis 1

HO-The Systematic Investment plan in mutual Fund is not considered as best method for investment

Hl- The Systematic Investment plan in mutual Fund is considered as best method for investment

Hypothesis 2

Ho- The investors don't prefer to invest in mutual funds

Hl- The investors do prefer to invest in mutual funds

LITERATURE REVIEW

REVIEW OF LITERATURE

Review of literature is very important to give better understanding and insight necessary to develop a broad conceptual framework in which a particular problem can be examined. It helps in the formation of specific problem and helps acquaint the investigator to what is already known in relation to the problem under review and it also provides a basis for assessing the feasibility of the research. Review of literature is important to a scholar in order to know what has been established and documented as there are critical summaries of what is already known about a particular topic. Therefore a review of literature helps in relating the present study to the previous ones in the same field.

The review of some of the literature related to the performance of mutual fund is shown below:-

AparnaSamudra and Bhurghate (2012) carried out a study to understand the investment behavior among the middle class investors from Nagpur. The study was carried out to examine the preference of the investment instruments and investment pattern of the middle class households along with the objective of 52 investment. The investment options considered for the study were Bank deposits, shares, mutual funds, real estate, Kisan Vikas Patrika and post office deposits. A sample size of 300 households was used for the study. Statistical tools like percentage and mean were used for carrying out the analysis. The study found that bank deposit was the most preferred investment option followed by life insurance Investment in provident fund and post office deposit were at the third and fourth place. This is similar to the findings of Nupur Gupta and Vijay Agarwal (2013).Real estate was found to be the least preferred investment avenue. Investment in equity was not figuring in the preferred investment avenue across all age categories.

Joseph and Prakash (2014) have revealed in their paper 'A Study on Preferred Investment Plans Among the People and the Factors Considered for Investment', that to have an insight into different investment avenues available and to understand the preferred investment avenue among the people of Bangalore City. In the present day world, new financial products are available. It has become difficult and confusing to choose the best options due to lack of proper financial knowledge to the common man to decide the factors which are considered for making sound investment decisions .It is further analyzed that investors are not much aware about investment in stock exchange and equity and are more inclined towards traditional investments like bank deposits, insurance, post office savings etc. .Awareness programs should be introduced by the government and stock broking firms to make people aware about investment options with their merits n demerits so right decisions are taken for their personal finance

RESEARCH GAP

After reviewing literature related to the mutual fund industry in India, it is evident that although extensive work has been done since the inception of Mutual fund on the related topics like the performance of mutual fund schemes, investors preferences for the different mutual funds schemes, growth of the mutual fund industry, the researcher feels that, a detailed work is not being undertaken to assess of best investment avenue in India. Hence, the topic entitled "A study of Mutual Fund is better Investment Plan " has been undertaken for the current study

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

Research Methodology is a way to systematically solve the research problems. It may understand as a science of study how research is done scientifically.

Primary Data: A research design is purely and simply the framework of plan for a study that guides the collection and analysis of data. Primary data-collected through structured questionnaire will be done.

Analysis tool will be used:

- Percentage
- Pie & charts
- Table forms

Secondary Data: Secondary data is the data that have been already collected by and readily available from other sources. Such data are cheaper and more quickly obtainable than the primary data and also may be available when primary data cannot be obtained at all. The sources of secondary data are as follows

- Internet-websites, books-libraries, other projects.

DATA COLLECTION DESIGN

Sample Design is a definite plan to obtain a sample from the sampling frame. The method which is adopted by the researcher in selecting the unit of sampling from the population is called sampling design.

Sample Size: It represents how many candidates you have chosen to fill up your questionnaire. I had chosen sample of 35 candidates.

Method of Data Collection:-

The data was collected using questionnaire from professionals/Common man like those who wants invest in mutual funds and other Investment option.

A study on research design which has been made use of is the descriptive research design which describe the awareness and perception of the population that is being studied.

In this we used the Quantitative research.

Primary data has been collected the information through survey.

Relevance of Study

The scope of project is mainly concentrated on different category of the mutual fund such as equity funds, debt funds and other funds as well. The project is mainly based on the preferences of investor in various investment available

The main purpose of doing this project was to know about mutual fund and its functioning. This helps to know in details about mutual fund industry right from its inception stage, growth and future prospects. It also helps in understanding different schemes of mutual funds. Because my study depends upon prominent funds in India and their schemes like equity, income, balance as well as the returns associated with those schemes.

OBJECTIVES

OBJECTIVE

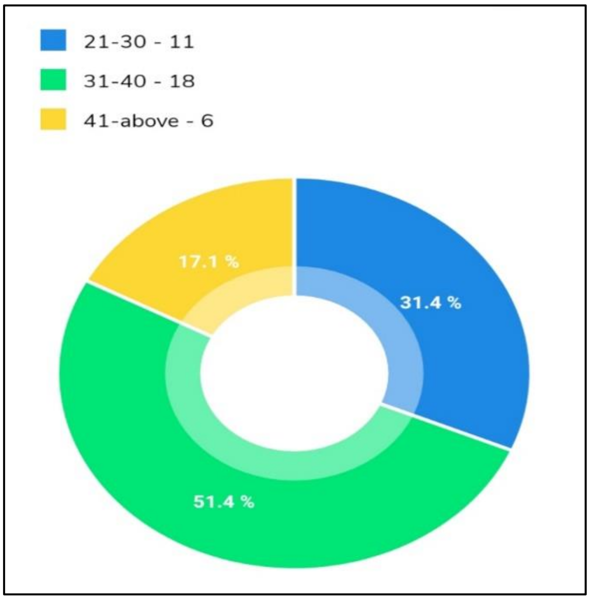
- The main objective of the study is to find out the investor's preference towards various investment plans like fixed deposits, post-office schemes, bonds / debentures, share market, mutual funds and insurance.
- To give a brief idea about the benefits available from Mutual Fund investment.
- To give an idea of the types of schemes available.
- To discuss about the market trends of Mutual Fund investment.
- To study some of the mutual fund schemes.
- To study some mutual fund companies and their funds.
- To give an idea about the regulations of mutual funds

DATA ANAYSIS AND INTERPRETATION

DATA ANALYSIS AND INTERPRETATION

1.Age wise Distribution of Respondent

Options	Counts	Percentages
21-30	11	31.43%
31-40	18	51.43%
41- above	6	17.14%

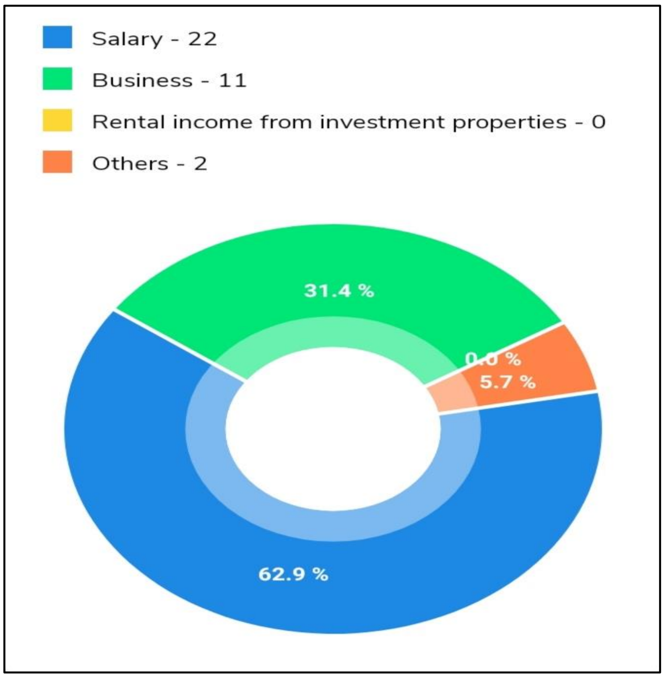


As per the above Table, the majority of respondents can be analyzed to be in the 31-40 years age group, ie. 51.43%. The Second most common investors are the age group of 21-30 years, ie. 31.43% and the lowest investors 17.14% is 41- above years.

As per the Above Chart, it can be interpreted the most of the respondents are correspond to the age group of 31-40 and least of the falling under the age group of 41-above, which means that working class.

2.What is your primary source of income?

Options	Count	Percentage
Salary	22	62.86%
Business	11	31.43%
Rental income from investment	00	0
Others	02	5.71%

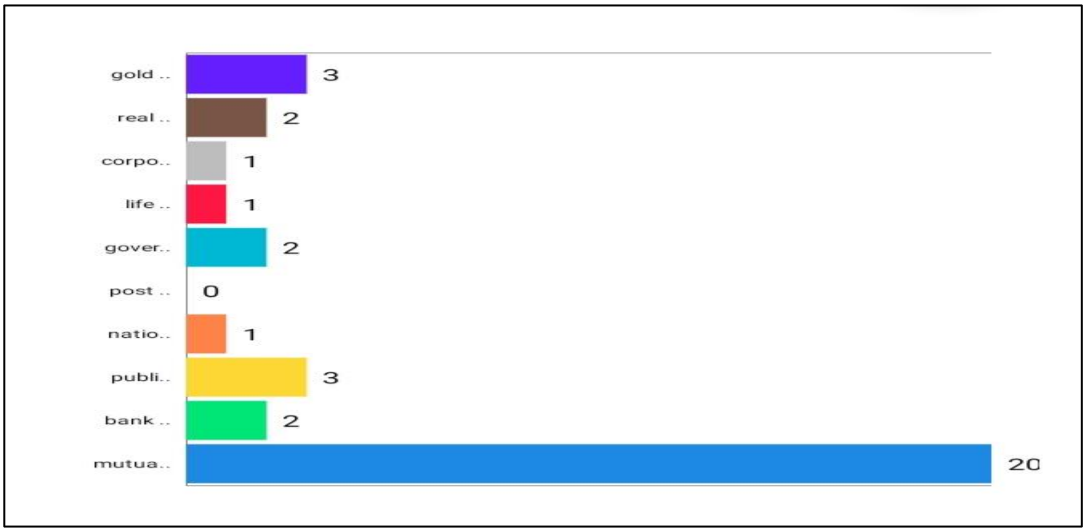


From the analysis out of 35 respondents as per above table 62.86% investors are salaried persons. 31.43% investors are business persons and 5.71% investors have other source of income.

From the above chart, it can be interpreted that salaried persons are highly investing in mutual funds.

3.Preferred investment plans?

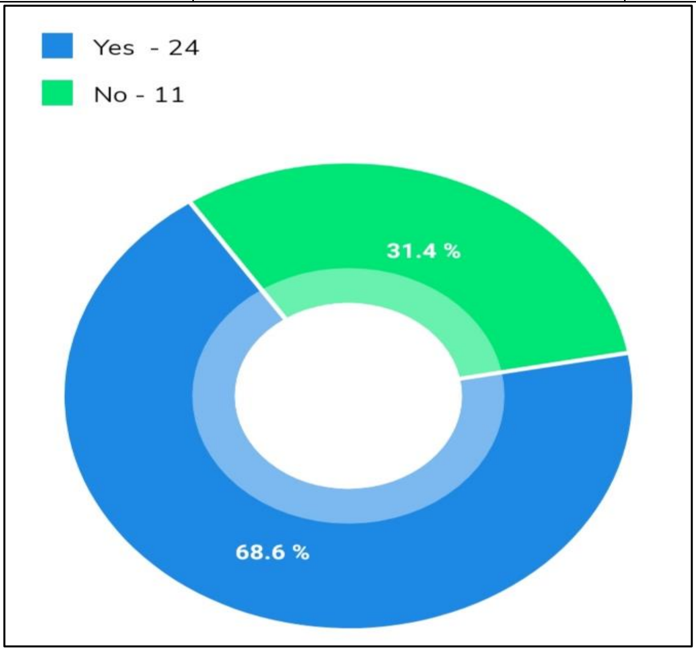
Investment plans	No. of Respondent	Percentage Shared
Mutual funds	20	57.14%
Bank and Fixed Deposits	02	5.71%
Public Provident Fund	03	8.57%
National Saving Certificate	01	2.86%
Post Office Saving	00	00%
Government Securities	02	5.71%
Life Insurance	01	2.86%
Corporate bonds and Debentures	01	2.86%
Real Estate	02	5.71%
Gold/Silver	03	8.57%



It can be observed from above table, majority of the respondents hold Mutual fund 57.14% followed by public provident fund 8.57%, gold /silver 8.57% and bank and fixed deposits 5.71% government securities 5.71%, real estate 5.71%. All others financial products holding was on lower side.

4.Do you invest in mutual funds?

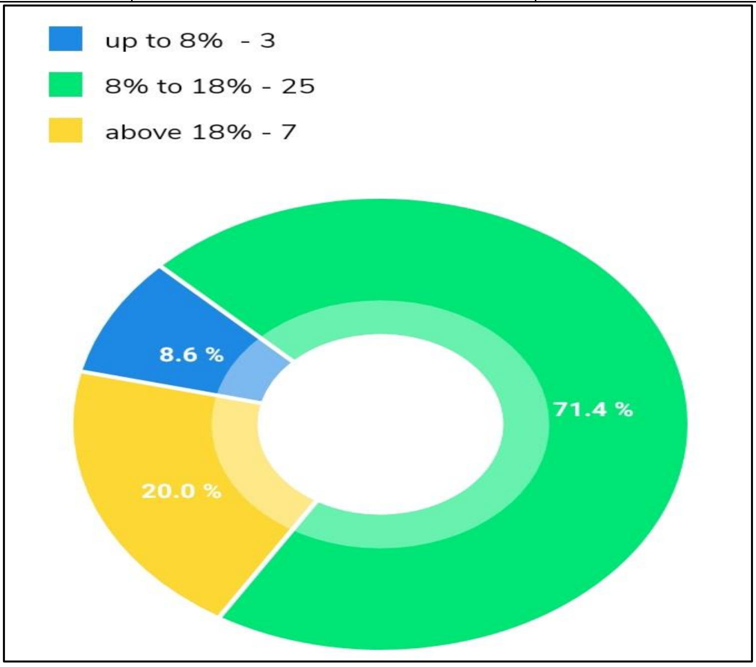
Options	Count	Percentage
Yes	24	68.57%
No	11	31.43%



As per the above chart, it can be interpreted the most respondents are investing in mutual funds. This still indicates that mutual fund products are to be used by a large pool of investors.

5.What is your return expectation on your investment?

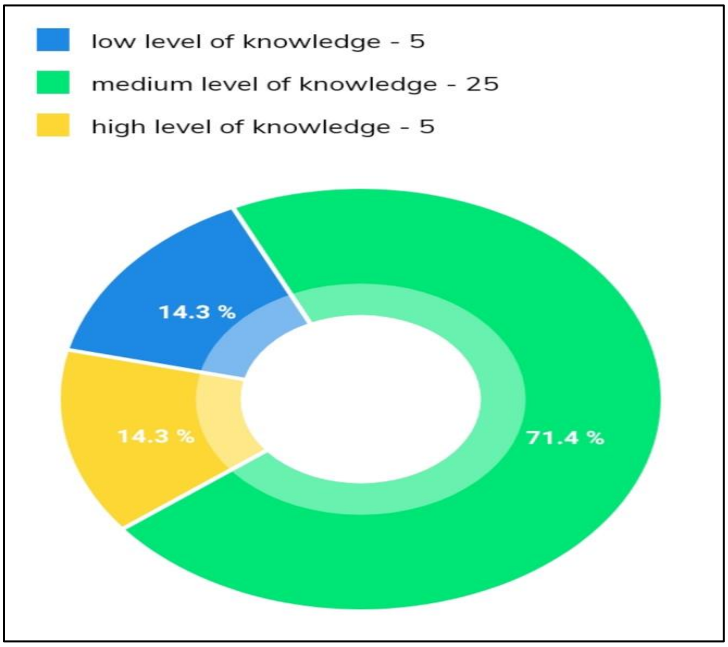
Range	Count	Percentages
Up to 8%	03	8.57%
8%-18%	25	71.43%
Above 18%	07	20.00%



From the analysis of 35 survey conducted out of 35 respondents it is found that 03 of them ie.8.57% are happy with low returns (up to 8%). 25 respondents ie. 71.4% of respondents expect 8%-18% of returns and 20% ie. 07 of respondents are expecting returns above 18%.

6.How would you describe/Rate your level of knowledge of financial products?

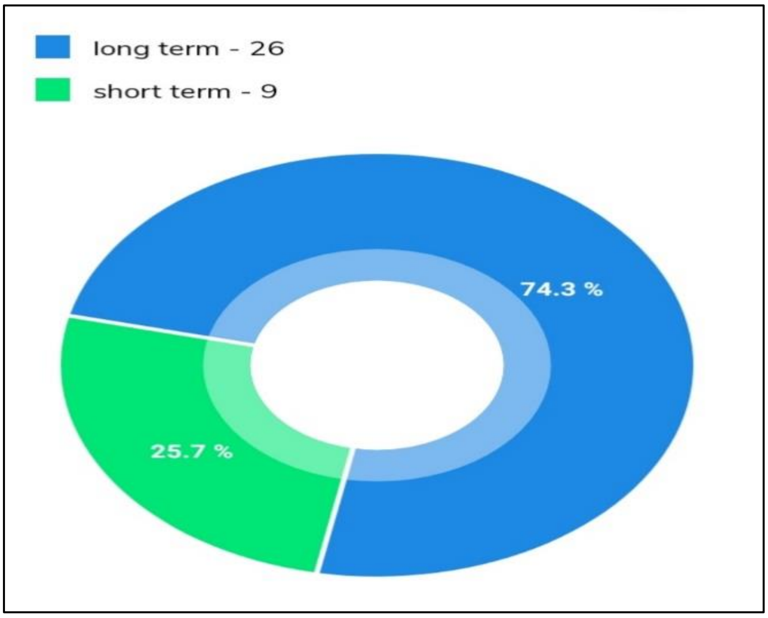
Rate	Count	Percentage
Low	05	14.29%
Medium	25	71.43%
High	05	14.29%



From the conducted survey out of 35 respondents 14.29% of respondents doesn't possess good knowledge of mutual funds 71.43% of them have good level of knowledge regarding mutual funds. And 14.29% of them have good knowledge of investment in mutual funds.

7.Preferable period of Investment?

Options	Counts	Percentage
Long term	26	74.29%
Short term	9	25.71%

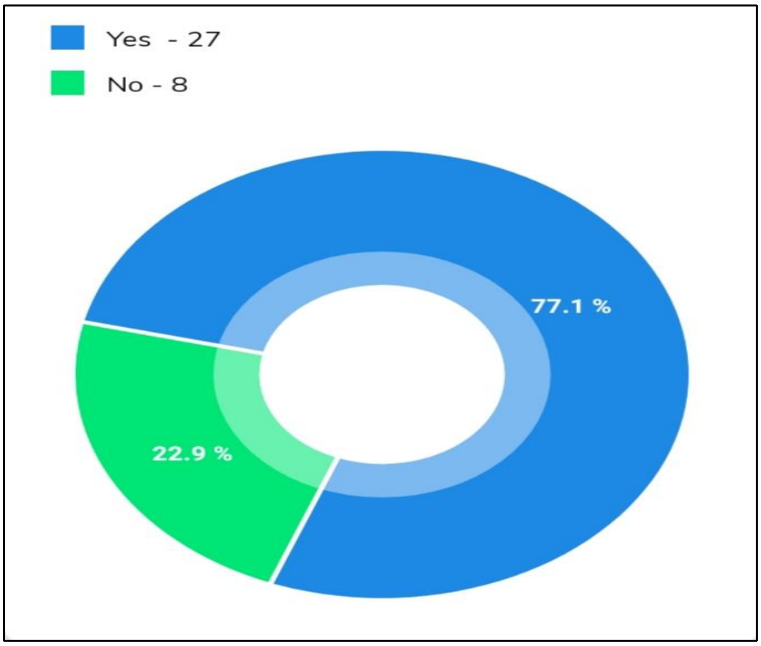


As per above table, it can be analyzed that 74.29%of the respondents are invested to invest long term, 25.71%of the respondents are interested to invest short term.

From the above chart, it can be interpreted the most of the respondents are investing long term.

8.Is mutual fund to be considered as best investment plan?

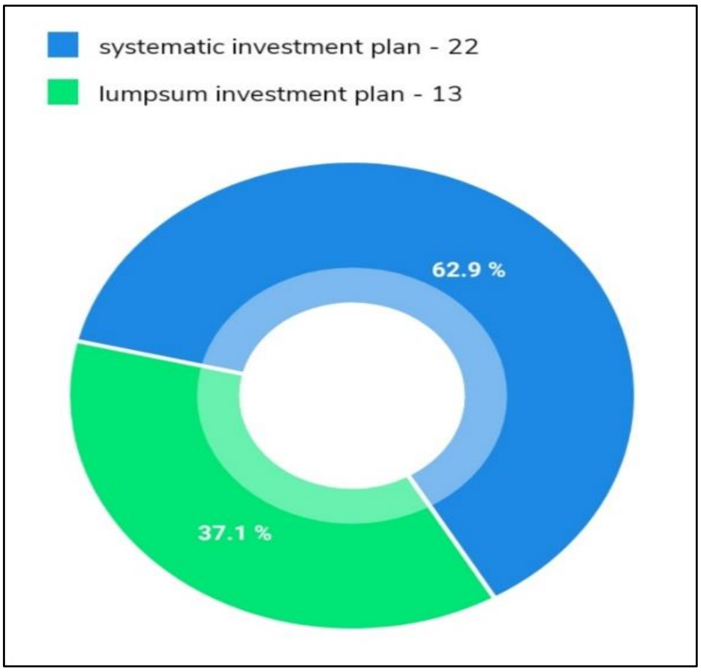
Options	Count	Percentage
Yes	27	77.14%
No	08	22.86%



From the above it would be concluded that 77.14% respondents consider the mutual fund as best investment plan and 22.86% of respondents considers that mutual fund is not a best investment plan.

9. In which investment plan do you prefer to invest in mutual fund?

Options	Count	Percentage
SIP	22	62.86%
LIP	13	37.14%



From the conducted survey out of 35 respondents 62.86% of them ie. 22 respondents prefer to invest in systematic investment plans and rest ie. 37.14% of respondents ie. 13 of them prefer to invest in lump-sum investment plans.

FINDINGS

FINDINGS

- There are wide range of products available in mutual in the Indian market.

- A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

- The aggressive market that can tap any individual is financial services. Investors have their individual risk appetite and believe in the market they are entering in.

- They have been identified as one of the important factors pushing up the market prices of securities.

- From Respondents itself it is found that the most of the peoples are investing in mutual fund, They consider that it is they that it is best investment avenue in the market available.

- It is found that most of the investors invest in Systematic Investment Plan Method

CONCLUSION

CONCLUSION

Mutual Funds now represent perhaps most appropriate investment opportunity for most investors. As financial markets become more sophisticated and complex, investors need a financial intermediary who provides the required knowledge and professional expertise on successful investing. As the investor always try to maximize the returns and minimize the risk. Mutual fund satisfies these requirements by providing attractive returns with affordable risks: The fund industry has already overtaken the banking industry, more funds being under mutual fund management than deposited with banks. With the emergence of tough competition in this sector mutual funds are launching a variety of schemes which caters to the requirement of the particular class of investors. Risk takers for getting capital appreciation should invest in growth, equity schemes. Investors who are in need of regular income should invest in income plans.

The stock market has been rising for over three years now. This in turn has not only protected the money invested in funds but has also to helped grow these investments.

This has also instilled greater confidence among fund investors who are investing into the market through the MF route than ever before.

Reliance India mutual funds provide major benefits to a common man who wants to make his life better than previous.

India's largest mutual fund, UTI, still controls nearly 80 per cent of the market. Also, the mutual fund industry as a whole gets less than 2 per cent of household savings against the 46 per cent that go into bank deposits. Some fund managers say this only indicates the sector's potential. "If mutual funds succeed in chipping away at bank deposits, even a triple digit growth is possible over the next few years.

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QUESTIONNAIRE

QUESTIONNAIRE ON INVESTORS ATTITUDE

1.Age

1) 00-20

2) 21-30

3) 31-40

4) 41& above

2.What is your primary source of income?

1.Salary

2.Business

3.Rental income from investment properties

4.Others

3.What is your preferred Investment Avenue?

- Mutual funds
- Bank and Fixed Deposits
- Public Provident Fund
- National Saving Certificate
- Post Office Saving
- Government Securities

- Life Insurance
- Corporate Bonds and Debentures
- Real Estate
- Gold/ Silver

4.Do you invest in Mutual fund?

1. Yes
2. No

5.What is your return expectation on your investment?

1. Up to 8%
2. Between 8% to 18%
3. Above 18%

6.How would you describe/ rate your level of knowledge of financial products?

1. Low level of knowledge
2. Medium level of knowledge
3. High level of knowledge

7.Preferable period of Investment?

1. long term
2. Short term

8.Is mutual fund is to be considered as best investment avenue?

1. Yes

2. No

9.In which investment plan to you prefer to invest in mutual fund?

1. Systematic investment plan

2. lumpsum investment plan