**FINAL PROJECT REPORT**

# "AN ANALATICAL STUDY OF SYSTEMATIC INVENTMENT PLAN OF RELIANCE MUTUAL FUND ''

**Submitted to**

**DMSR- 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

## Master of Business Administration

**Submitted by**

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**Under the Guidance of**

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**NAAC Accredited "A" Grade Institution**

**Academic Year 2021 – 22**

## G.S. College Of Commerce & Economics, Nagpur

# CERTIFICATE

This is to certify that **"Apeksha Kesharwani"** has submitted the project synopsis report titled "**An Analytical Study of Systematic Inventment plan of Reliance Mutual Fund"** towards partial fulfillment of **MASTER 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 DMSR - G. S. COLLEGE OF COMMERCE & ECONOMICS, NAGPUR (NAAC Reaccredited "A" Grade Autonomous Institution) affiliated to Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

**Dr. Afsar Sheikh**
**(Project Guide)**

**Dr. Sonali Gadekar**
**(Co-ordinator)**

**Place: Nagpur**
**Date: .../.../2022**

## G. S. College Of Commerce & Economics, Nagpur

# DECLARATION

I here-by declare that the project with title "**An Analytical Study of Systematic Inventment Plan of Reliance Mutual Fund**" has been completed by me in partial fulfillment of MASTER OF BUSINESS ADMINISTRATION degree examination as prescribed by DMSR - G. S. COLLEGE OF COMMERCE & ECONOMICS, NAGPUR (NAAC Reaccredited "A" Grade Autonomous Institution) affiliated to 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.

Apeksha Kesharwani

Place:Nagpur

Date:…/…/2022

**G. S. College Of Commerce & Economics, Nagpur**

# ACKNOWLEDGEMENT

With immense pride and sense of gratitude, I take this golden opportunity to express my sincere regards to Dr. N.Y. Khandait, Principal, G.S. College of Commerce & Economics, Nagpur.

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I will fail in my duty if I do not thank the Non-Teaching staff of the college for their Co-operation.

I would like to thank all those who helped me in making this project complete and successful.

Apeksha Kesharwani

Place:Nagpur

Date:…/…./2022

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**CHAPTER :- 1**

# INTRODUCTION

# INTRODUCTION

Mutual fund is at instrument of investing money. Mutual fund becomes a hot favourite of millions of people all over the world. The driving force of mutual fund is the "safety of the principle guaranteed plus the added advantage of capital appreciation together with the income earned in the form of interest or dividend. People prefer mutual fund to bank deposits, life insurance and even bonds because with a little money, they can get in to the investment game. One can own a string of blue chips like ITC, TISCO, reliance etc.. through mutual fund. Thus, mutual funds act as a gate to enter in to big companies hitherto inaccessible to an ordinary investor with his small investment. Nowadays, bank rates have fallen down and are generally below the inflation rate. Therefore, keeping large amount of money in bank is not a wise option, as in real terms the value of money decreases over a period of time.

One of the options is to invest the money in stock market. But a common investor is not formed a competent enough to understand the intricacies of stock market. This is where mutual fund comes to the rescue

A mutual fund is a group of investor operating through a fund market to purchase a diverse portfolio of stock or bonds. Mutual funds are highly cost efficient and very easy to invest in it by polling money together in a mutual fund, investors can purchase stock or bond with much lower trading costs than if they tried to do it on their own. Also, one doesn't have to figure out which stocks or bonds to buy. But the biggest advantage of mutual fund is diversification.

Diversification means spreading out money across many different types of investment. When one investment is down another might up. Diversification of in stment holding reduces the risk tremendously.

Mutual fund are essentially investment vehicles where people with similar investment objective come together to poll their money and then invest accordingly. Each

unit of any scheme represents the proportion of pool owned by the unit holder (investor). Appreciation or reduction in value of investment is reflected in NET ASSET VALUE (NAV) of the concerned scheme which is declared by the fund from time to time. Mutual fund scheme are by respective ASSET MANAGEMENT COMPANIES (AMC) Different business group, financial institution, bank have sponsored these AMCs, either alone or in collaboration with reputed international firms. Several international funds like Alliance and Templeton are also operating independently in India. Many more international mutual fund giants are expected to come into India market in the near future.

A mutual fund is a trust that pools the saving of a number of investor who shares a common financial goal. The money thus collecting is invested by fund manager in different types of securities depending upon the objective of the scheme. These could range from share to debenture to money market instrument.

A mutual fund is a trust that pools the saving of a number of investor who shares a common financial goal. The money thus collecting is invested by fund manager in different types of securities depending upon the objective of the scheme. These could range from share to debentures to money is to market instrument.

The income earned through these investments and the capital appreciation realized by the scheme is shared by its unit holders in proportion to the number of units owned by them. Thus a mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversification. Professionally managed portfolio at a relatively low cost. Any body with an ingestible surplus of as little as a few thousands rupees can invest in mutual fund. Each mutual fund scheme has a defined investment objective and strategy.

A mutual fund in the ideal investment vehicles for today's complex and modern financial serio. Markets for equity share, bonds and other fixed income instrument, real estate, derivatives and other asset have become mature and information driven Prices changes in these assets are driven by global event occurring have the knowledge.

skill, inclination and time to keep trace of event, understand their implication and act speedily. An individual also find difficult to keep tract of ownership of this assets, investment, brokerage dues and bank transaction etc.

A mutual fund is the answer to all this situations. It appoints professionally qualified and experienced staffs that manage cach of these functions on a full time basis. The large poll of money collected in the allows it to hire such staff at a very low cost to coch investor.

In effect, the mutual fund vehicle exploits economics of scale in all three areas research, investment and transaction processing. While the concept of individuals coming together to invest money collectively is not new, the mutual fund in its present form is a 20 century phenomenon. In fact, mutual funds gained popularity only after the Second World War. Globally, there are thousands of mutual funds with different investment objectives. Today, mutual funds collectively manage almost as much as or money as compared to banks.

A draft offer document is to be prepared the time of launching the fund. Typically, it specifies the investment objectives of the fund, the risk associated the costs involved in the process and the broad rule for entry into countries, these sponsors need approval from a regulator, SEBI (securities exchange board of India) in our case.

SEBI looks at tracks records of sponsor and its fancial strength in granting approval to the fund for commencing operations. A sponsor then hires an asset management to invest the fund and perhaps a third one to handle registry work for the unit holder (bscribers) of the fund.

In the Indian context, the sponsor Promotes the Asset management company also, in which it holds a majority stake. In many cases a spontor can hold a 100% stake in the Asset management company (AMC).E.g. Birla Global finance is the sponsor of the Birla Sun Life Asset Management Company Ltd, which has floated different mutual fund scheme and also act as an asset manager for funds collected under the scheme.

A mutual is a common pool of money in which investor place their contribution that are to be invested in accordance with a stated objective. The ownership of funds that is outstanding at that time. It is no different from buying "shares" of a joint stock company, in which case the purchase makes the investor a part owner of the company and an investor "buys in to the fund is constituted as a trust and the investor subscribe to the units issued by the fund, which is where the term: unit trust comes form.

Since each owner is a part of a mutual fund, it is necessary to establish the value of his part. In other words, each share or units that hold need to be assigned a value. Since the units held by the investor evidence the ownership of the fund's assets, the value of the total assets of the fund when divided by the total number of unit issued by the mutual fund gives us the value of one unit.

This is generally called a Net Asset Value (NAV) of one unit or the share. The value of an investors part ownership is thus determined by the number of units held.

## HISTORY OF MUTUAL FUND

The modern mutual fund was first introduced in Belgium in 1822. This form of investment soon spread to Great Britain and France. Mutual funds became popular in the United States in the 1920s and continue to be popular since the 1930s, especially open end mutual funds. Mutual funds experienced a period of tremendous growth after World War II, especially in the 1980s and 1990s.

## HISTORY OF MUTUAL FUND IN INDIA

The origin of mutual fund industry in India is with the introduction of the concept of mutual fund by UTI in the year 1963. Though the growth was slow, but it accelerated from the year 1987 when non-UTI players entered the industry.

In the past decade, Indian mutual fund industry had seen dramatic improvements, both quality wise as well as quantity wise. Before, the monopoly of the market had seen an ending phase; the Assets under Management (AUM) were Rs. 67bn. The private sector entry to the fund family raised the AUM to Rs. 470 bn in March 1993 and till April 2004; it reached the height of 1,540 bn. Putting the AUM of the Indian Mutual Funds Industry into comparison, the total of it is less than the deposits of SBI alone, constitute less than 11% of the total deposits held by the Indian banking industry.

The main reason of its poor growth is that the mutual fund industry in India is new in the country. Large sections of Indian investors are yet to be intellectuated with the concept. Hence, it is the prime responsibility of all mutual fund companies, to market the product correctly abreast of selling.

# Advantages and Disadvantages of Mutual Funds

## Advantages of Mutual Funds:

- **Professional Management**

The primary advantage of funds (at least theoretically) is the professional management of your money. Investors purchase funds because they do not have the time or the expertise to manage their own portfolio. A mutual fund is a relatively inexpensive way for a small investor to get a full-time manager to make and monitor investments.

- **Diversification**

By owning shares in a mutual fund instead of owning individual stocks or bonds, your risk is spread out. The idea behind diversification is to invest in a large number of assets so that a loss in any particular investment is minimized by gains in others. In other words, the more stocks and bonds you own, the less any one of them can hurt you (think about Enron). Large mutual funds typically own hundreds of different stocks in many different industries. It wouldn't be possible for an investor to build this kind of a portfolio. with a small amount of money.

- **Economies of Scale**

Because a mutual fund buys and sells larger amounts of securities at a time, its transaction costs are lower than you as an individual would pay.

- **Liquidity**

Just like an individual stock, a mutual fund allows you to request that your shares be converted into cash at any time.

- **Simplicity -**

Buying a mutual fund is easy! Pretty well any bank has its own line of mutual funds, and the minimum investment is small. Most companies also have automatic purchase plans whereby as little as $100 can be invested on a monthly basis.

**Regulatory oversight:**

Mutual funds are subject to many government regulations that protect investors from fraud.

- **Transparency**
- **Flexibility**
- **Tax benefits**
- **Well regulated**

## Limitation of Mutual funds:

Mutual funds have their drawbacks and may not be for everyone.

- **No guarantees:**

No investment is risk free. If the entire stock market declines in value, the value of mutual fund shares will go down as well, no matter how balanced the portfolio. Investors encounter fewer risks when they invest in mutual funds than when they buy and sell stocks on their own. However, anyone who invests through a mutual fund runs the risk of loosing money.

- **Fees and commissions:**

All funds charge administrative fees to cover their day to day expenses. Some funds also charge sales commission or "loads" to compensate brokers, financial consultants, or financial planners. Even if you don't use a broker or other financial advisor, you will pay a sales commission if you buy shares in a load fund.

- **Taxes:**

During a typical year, most actively managed mutual funds sell anywhere from 20 to 70 percent of the securities in their portfolio. If your fund makes a profit on its sales, you will pay taxes on the income you receive, even if you reinvest the money you made.

- **Management risk:**

When you invest in a mutual fund, you depend on the fund's manager to make the right decisions regarding the fund's portfolio. If the manager does not perform as well as you had hoped, you might not make as much money on your investment as you're expected. Of course, if you invest in Index funds, you forego management risk, because these funds do not employ managers.

# Types of mutual funds

Most funds have a particular strategy they focus on when investing For instance, some invest only in Blue Chip companies that are more established and are relatively low risk. On the other hand, some focus on high-risk start up companies that have the potential for double and triple digit growth. Finding a mutual fund that fits your investment criteria and style is important.

## Types of mutual funds are:

- **Value stocks**

Stocks from firms with relative low Price to Earning (P/E) Ratio usually pay good dividends. The investor is looking for income rather than capital gains:

- **Growth stock**

Stocks from firms with higher low Price to Earning (P/E) Ratio usually pay small dividends. The investor is looking for capital gains rather than income.

- **Based on company size, large, mid, and small cap**

Stocks from firms with various asset levels such as over $2 Billion for large; in between $2 and $1 Billion for mid and below $1 Billion for small.

- **Income stock**

The investor is looking for income which usually comes from dividends or interest. These stocks are from firms which pay relative high dividends. This fund may include bonds which pay high dividends. This fund is much like the value stock fund, but accepts a little more risk and is not limited to stocks.

- **Index funds**

The securities in this fund are the same as in an Index fund such as the Dow Jones Average or Standard and Poor's. The number and ratios or securities are maintained by the fund manager to mimic the Index fund it is following.

- **Enhanced index**

This is an index fund which has been modified by either adding value or reducing volatility through selective stock-picking

- **Stock market sector**

The securities in this fund are chosen from a particular marked sector such as Acrospace, retail, utilities, etc.

- **Defensive stock**

The securities in this fund are chosen from a stock which usually is not impacted by economic down turns.

- **International**

Stocks from international firms.

- **Real estate**

Stocks from firms involved in real estate such as builder, supplier, architects and engineers, financial lenders, etc.

- **Socially responsible**

This fund would invest according to non-economic guidelines. Funds may make investments based on such issues as environmental responsibility, human rights, or religious views. For example, socially responsible funds may take a proactive stance by selectively investing in environmentally-friendly companies or firms with good employee relations. Therefore the fund would avoid securities from firms who profit from alcohol, tobacco, gambling, pornography etc.

- **Balanced funds**

The investor may wish to balance his risk between various sectors such as asset size, income or growth. Therefore the fund is a balance between various attributes desired.

- **Tax efficient**

Aims to minimize tax bills, such as keeping turnover levels low or shying away from companies that provide dividends, which are regular payouts in cash or stock that, are taxable in the year that they are received. These funds still shoot for solid returns; they just want less of them showing up on the tax returns.

- **Convertible**

Bonds or Preferred stock which may be converted into common stock.

- **Junk bond**

Bonds which pay higher that market interest but carry higher risk for failure and are rated below AAA.

- **Mutual funds of mutual funds**

This funds that specializes in buying shares in other mutual funds rather than individual securities.

- **Close end**

This fund has a fixed number of shares. The value of the shares fluctuates with the market, but fund manager has less influence because the price of the underlining owned securities has greater influence.

- **Exchange traded funds (ETFs)**

Baskets of securities (stocks or bonds) that track highly recognized indexes. Similar to mutual funds, except that they trade the same way that a stock trades, on a stock exchange.

## SIGNIFICANCE OF MUTUAL FUND AS AN INVESTMENT OPTION

**• Transparency**

A mutual fund is nothing more than a collective savings pool. Several investors have come together to invest in stocks, bonds or in both. That is all. However, mutual funds are strictly regulated. They have to declare their portfolios from time to time. Almost all the funds declare their portfolios every month.

The net asset value (NAVs) of a fund, which points to how much a unit of the fund is worth on a particular day, is declared every working day. You know where your money is going and how it is doing.

**• Availability**

A few years ago, even if you wanted to buy a mutual fund, it was not easy. Few distributors, most of them small, sold mutual funds. The quality of their advice often left a lot to be desired. But today, you could buy mutual funds in over 60 cities or towns, either through their own offices or through banks.

All private sector banks now sell mutual funds across the counters in most branches. Some public sector banks too have begun marketing mutual funds through select branches. As for advice, only a person who has qualified in a rigorous test conducted by the Association of Mutual Funds of India (AMFI) can now sell mutual funds.

**• Professional Management and Customer Service**

When you buy a mutual fund, you hand over the task of investing to a qualified and probably more knowledgeable fund manager who is paid for finding the right opportunities for you.

As for customer service standards, mutual funds in India have been constantly raising the bar they have set for themselves. The service standards are comparable to what you will get anywhere else in the world.

For example, most fund distributors will come to your residence or office and explain the product features and also collect your cheque.

If you want to sell your fund, you can do so pretty quickly too, mostly within one or two working days. There is no paperwork to fear. For example, in the case of Standard Chartered Mutual Fund's (SCMF) income funds, the money will be credited directly into your bank account if the account is held with select banks.

In case of systematic investment plans too, you can do so with auto debits. Every month, on a day you choose, your bank account will be debited with a particular sum and specified mutual fund units available for that sum will be bought. No more hassles of issuing post-dated cheques.

Despite all these facilities, you may have myriad doubts and queries. Not to worry. Mutual funds offer toll-free lines at over 200 locations. For example, on the SCMF call-free telephone line, you can get to know valuations, order for account statements and even redeem your investments without any personal identification number.

**WELL REGULATED**

All mutual funds are registered with SEBI and they function within the provision of strict regulations designed to protect the interest of investors. The operations of mutual funds are regularly monitored by SEBI.

**RETURN POTENTIAL**

Over a medium to long-term, mutual funds have the potential to provide a higher return as they invest in diversified basket of selection securities.

# Introduction To Reliance Mutual Funds

Reliance Mutual Fund, a part of the Reliance - Anil Dhirubliai Ambani Group, is one of the fastest growing mutual funds in the country. RMF offers investors a well-rounded portfolio of products to meet varying investor requirements and has presence in 118 cities across the country. Reliance Mutual Fund constantly endeavors to launch innovative products and customer service initiatives to increase value to investors. "Reliance Mutual Fund schemes are managed by Reliance Capital Asset Management Limited, subsidiary of Reliance Capital Limited, which holds 93.37% of the paid-up capital of RCAM, the balance paid up capital being held by minority shareholders."

Reliance Capital Ltd. is one of India's leading and fastest growing private sector financial services companies, and ranks among the top 3 private sector financial services and banking companies, in terms of net worth. Reliance Capital Ltd. has interests in asset management, life and general insurance, private equity and proprietary investments, stock broking and other financial services.

**Sponsor:** Reliance Capital Limited **Trustee:** Reliance Capital Trustee Co. Limited Investment Manager: Reliance Capital Asset Management Limited **Statutory Details:** The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act 1956.

**Risk Factors:** Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets. Past performance of the Sponsor/AMC/Mutual Fund is not indicative of the future performance of the Scheme. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lakh towards the setting up of the Mutual Fund and such other accretions and additions to the corpus. The NAV of the Scheme may be affected, interalia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. The Mutual Fund is not assuring that it will make periodical dividend distributions. though it has every intention of doing so. All dividend distributions are subject to the availability of distributable surplus in the Scheme. For details of scheme features and for scheme specific risk factors, please refer to the Scheme Information document.

## RELIANCE ASSETS MANAGEMENT FUNDS

- **EQUITY FUNDS CATEGORY:**

**1) RELIANCE-Growth fund**

An open-ended equity fund the objective of the scheme is to achieve long-term growth of capital by investing in equity and equity related securities through a researcher based investment approach.

2) **RELIANCE-vision fund**

The scheme primary aims at achieve long-term growth of capital by investment in equity and equity related securities through a research based investment approach.

3) **RELIANCE-NRI Equity Fund**

The scheme primary aims at generate optimal returns by investing in equity and equity related instrument primarily drawn from the companies in the BES 200 Index.

4) **RELIANCE-Banking fund**

The scheme primary aims at generate continuous return by actively investing in equity and equity-related or fixed-income securities of Banks.

6**) RELIANCE-Pharma fund**

An open ended scheme with objective to generate consistent retums by investing in equity and equity related or fixed income securities of pharma and other associated companies.

7**) RELIANCE-Media & Entertainmen**t

An open ended scheme with objective to generate continuous retums by investing in equity and equity-related o fixed-income securities of Media & Entertainment and other associated companies.

8) **RELIANCE-Infrastructure fund**

An open ended scheme with objective to generate long tem capital appreciation by investing predominantly in equity and equity related instrument of companies engaged in infrastructure and infrastructure related sectors and which are incorporated or have their area of primary activity, in India and the secondary objective is to generate consistent returns by investing in debt & money market securities.

9**) RELIANCE-Equity Opportunities End**

An open ended diversified equity scheme with objective to seek to gente capital appreciation & provide long term growth opportunities by investing in a portfolio constituted of equity securities & equity related securities and the secondary objective is to generate consistent returns by investing in debt and money market securities

**10) RELIANCE-Regular saving fond (Equity option)**

An open ended scheme with objective to seek capital appreciation and or to generate consistent returns by actively investing in equity equity related securities

**11) RELIANCE-Tax saver fund**

An open ended equity linked saving scheme with objective to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments.

1**2) RELIANCE- Long term equity fund**

An close ended diversified equity fund with objective to generate long term capital appreciation & provide long term growth opportunities by investing in a portfolio constituted of equity & equity related securities and derivatives and the secondary objective is to generate consistent returns by investing in debt and money market securities.

The Systematic Investment Plan (SIP) in a simple and time honored investment strategy for accumulation of wealth in a disciplined manner over long term period. The aims at a better future for its investors as an SIP investor gets good rate of returns compared to a one time investor.

**What is Systematic Investment Plan**

- A specific amount should be invested for a continuous period at regular intervals under

- SIP is similar to a regular saving scheme like a recurring deposit. It is a method of investing a fixed sum regularly in a mutual fund.

- SIP allows the investor to buy units on a given date every month. The investor decides the amount and also the mutual fund scheme.

- While the investor's investment remains the same, more number of units can be bought in a declining market and less number of units in a rising market.

- The investor automatically participates in the market swings once the option for SIP is made.

SIP ensures averaging of rupee cost as consistent investment ensures that average cost per unit fits in the lower range of average market price. An investor can either give post dated cheques or ECS instruction and the investment will be made regularly in the mutual fund desired for the required amount. SIP generally starts at minimum amounts of Rs.1000/- per month and upper limit for using an ECS is Rs.25000/- per instruction.

For instance, if one wishes to invest Rs.1,00,000/- per month, then they need to do it on four different dates.

## SIP investor

It is easy to become a systematic investor. One need to plan the saving effectively and set aside some amount of money every month for investment purposes in a fund that is ideally a diversified equity fund or balanced fund. Post dated cheques can be given to the fund house. The investor is at liberty to exit from the scheme depending on the market conditions.

## Benefits of Systematic Investment Plan

### Power of compounding:

The power of compounding underlines the essence of making many work if only invested at an early age. The longer one delays in investing, the greater the financial burden to meet desired goals. Saving a small sum of money regularly at an early age makes money work with greater power of compounding with significant impact on wealth accumulation

### Rupee cost averaging:

Timing the market consistency is a difficult task. Rupee cost averaging is an automatic riarket timing mechanism that eliminates the need to time one's investments. Here one reed not worry about where share prices or interest are headed as investment of a regular sum is done at regular intervals; with fewer units being bought in a declining market and more units in a rising market. Although SIP does not guarantee profit, it can go a long way in minimizing the effects of investing in volatile markets.

### Convenience:

SIP can be operated by simply providing post dated cheques with the completed enrolment form or give ECS instructions. The cheques can be banked on the specified dates and the units credited into the investor's account. The SIP facility is available in the Principal Income Fund, Monthly Income Plan, Child Benefit Fund, Balanced Fund, Index Fund, Growth Fund, Equity fund and Tax Savings Fund.

**SIP features**

- Disciplined investing is vital to earning good returns over a longer time frame.
- Investors are saved the bother of identifying the ideal entry and exit points from volatile markets.
- SIP options such as equity, debt and balanced schemes offer a range of investment plans.
- While there is no entry load on SIP, investors face an exit loud if the units are redeemed within a stipulated time frame. The success of your SIP hinges on the performance of your selected scheme.

## SIP Vs LUMP SUM INVESTOR

Seasoned investors would perhaps agree that periodical investments prove to be better than lump sum investments. Market instability discourages you to invest all in one go. If you are filthy rich, you can probably afford to put in a large mum of money but an average salaried employee would have to give it a second thought. A systematic Investment Plan sounds a more prudent way to invest when the market graph fluctuates wildly. A long term investment gives you more room to earn profits with definite highs and lows.

If you take an instant view, a lump sum investment looks good as it earns you larger returns, while an SIP would have comparatively lower profits. Nonetheless, when markets are grun, a lump sum investment would fall flat. In order to gain reasonably through an investment, an SIP turns out a far better deal.

To dive deeper into the matter, it's important to understand a lump sum investment. When you put in a substantially large sum of money in a mutual fund and subsequently gain a number of units of that fund based on the Net Asset Value of the fund at the time of buying is what we know as a lump sum investment. On the contrary, if you talk about a Systematic Investment Plan, it's a scheduled investment done periodically in a mutual fund. You don't need to shell out a hefty amount but a small amount like Rs.500 on a monthly basis. However, as you will be purchasing units of a specific fund, it's wise to invest at least Rs.1, 000 to yield a decent number of units through the investment. The investment procedure is quite easy in an SIP as you have to pay the first installment through a cheque and the rest of the payments can be made through an electronic clearing system.

Thereby, a lump sum investment will get fixed units of the fund while an SIP will get various units of the fund on a monthly basis according to the current Net Asset Value.

In a positive market scenario, a lump sum investment would earn remarkably as investor would have purchased a huge number of units and so with the increase in NAV, it will fetch higher profits. As SIPs would be a scattered investment, so the returns would be considerably lower. Looking at the present market condition, it doesn't seem a as the promising prospect to opt for a lump sum investment. In s volatile market, a SIP definitely wins hands down, as an investor would have a chance to purchase more number of units of a fund when the value is less.

A lump sum investment would see returns in extremes, which is either a high or a low. On the other side, with an SIP, you achieve a steady return. Even when the market is dismal, an investor earns by the units bought.

A Systematic Investment Plan has the intrinsic benefit of simple investment with regular contributions of reasonable sums of money every month. Besides, there are several mutual funds that offer a three year lock-in period. Investments remain worth irrespective of the current NAV during the three years in a lump sum option, while you earn much more despite poor market conditions in the period of three SIPS can turn out to be a more rewarding investment option to gain stably and years significantly in the long run.

# PROBLEM STATEMENT:

To study the importance and effectiveness of the reliance mutual funds in the process of wealth making.

# NEED OF THE STUDY

- To find weather reliance mutual fund is better than others
- Analise people’s preference toward reliance mutual funds
- To determine whether Reliance mutual fund is good for investment or not

# OBJECTIVES OF THE STUDY :

1) To study the systematic investment plan of RELIANCE MUTUAL FUND

2) To study the fund in detail

3) To study the various types of mutual funds

4) To study the significance of mutual fund as an investment option

5) To study assets management funds of RELIANCE

6) To study the systematic investment plan in detail.

# SCOPE OF THE STUDY

## Geographical scope:

The scope of the Reliance Mutual Fund is in particular areas in Nagpur.

## Functional scope:

1. Reliance mutual fund is one of the largest leading company and it having its bright future.

2. Investment in this company is beneficial for the investors.

3. Reliance mutual fund may be providing higher rate of return on investment to the investors.

4. The scope of reliance mutual fund is more in countries like India because India is a developing country

In this way the scope of reliance mutual fund is more both in geographical and in functional.

# LIMITATION OF THE STUDY

There were certain limitations that I faced during this project. They are as follows:

1. There was time constraint as the time for doing the project was only limited to one and a half months.

2. There was limited information available from the staff members of the company.

3 The study was limited only to the city of Nagpur.

**CHAPTER :-2**

# REVIEW OF LITERATURE

A mutual fund is a common pool of money in to which investors with common investment objective place their contributions that are to be invested in accordance with the stated investment objective of the scheme. The investment manager would invest the money collected from the investor in to assets that are defined/ permitted by the stated objective of the scheme. For example, an equity fund would invest equity and equity related instruments and a debt fund would invest in bonds. debentures, gilts etc.

## CHAPTER :-3

# RESEARCH METHODOLOGY

# RESEARCH METHDOLOGY

## Research:

Generally research is considered, as an endeavor to arrive at the sewers intellectual and practical problems through the application of scientific methods to knowledge universe. It is movement from known to unknown.

According to Clifford woody "Research comprises defining and redefining problems, formulating hypothesis or suggested solutions, organizing and evaluating data, making deductions and reaching conclusions to determine whether they fit to the formulating hypothesis".

## (1) METHODS OF DATA COLLECTION:

Collection of data refers to a purposive gathering of information relevant to the subject matter under study and the methods used depend mainly on the nature, purpose and scope of the enquiry to be undertaken, as well as on the availability of resources and time.

The data collected can be grouped under two types

- Primary Data
- Secondary Data

❖ **PRIMARY DATA:**

Primary data are those, which are collected by the researcher for the first time for his own use.

The sources of primary data include:

- Direct personal investigation
- Interview

- Drafting questionnaire

## DIRECT PERSONAL INVESTIGATION:

This implies the situation where the researcher goes into the field of study in person for the collection of required data. Also, the investigation of this nature is normally confined to a single locality and the information gathered is capital in nature.

## INTERVIEW METHOD:

Every interview has got its own balance of revelation and has withheld information. An interview can be effective verbal or nonverbal conversation initiated for the specific purpose and focused on certain planned content areas.

A method of interview consists of personal interview and telephonic interview. Direct personal interview requires face to face contact with the respondent. Other types interviewing techniques are structured or unstructured methods. The interview based on predetermined questions, order of asking, wording of questions etc and the response pattern are highly standardized technique is called structural interview. Here the number and nature of questions, order of questions etc can be changed depending on the response pattern. Telephone interview can be used as follow up of a mailed question and is fairly used to carryout on the actual interview.

## QUESTIONNAIRE METHOD:

Yet another method of data collection is a survey that consists of asking questions intended to cover a cross section of population. A questionnaire is generally mailed or handled to cover to the respondent and filled by him without the help of the interviewer.

The researcher has to ensure that the questionnaire is relevant both to the study's goal and to the respondent. Questionnaire should not be ambiguous. The level of wording the questions should match the education level of the respondent but the questions should generally kept simple.

Questionnaire can be of two categories, close ended and open ended. Close ended questions have answers that are easy to code and analyze sometimes this can be done right from the questionnaire, thereby saving time and money. It helps respondents to be sure and clear about the meaning of the questions.

Open ended questionnaire are other type of mailed questionnaires. Open ended questions can be used when all the possible answer categories are not known or where the investigator wish to know the respondents opinion. The respondents are expected to answers adequately, in detail or clarify/quantify answers.

## SECONDARY DATA:

Secondary data are those, which have already been collected by ethers. When it is not possible to collect data in primary form the researcher may take the help of secondary data. They are those, which have already been collected with some view in mind. They are collected for serving the objectives other than what the researcher might have in his mind.

The sources of secondary data include:

- Magazines
- Websites
- Journal

### ❖ MAGAZINES:

A magazine is a periodical publication containing a variety of article, generally financed by advertising, purchased by reader, or both. In practical, magazines are a subset of periodicals. Distinct from those periodicals produced by scientific, artistic, academic or special interest publishers.

The magazine which I referred is IC-33.

## WEBSITES:

A website may be the work of an individual, a business or other organization and is typically dedicated to some particular topic or purpose any website can contain a hyperlink to any other website, so the distinction between individual sites, perceived by the user, may sometimes be blurred. Websites are written in, or dynamically converted to, HTML (hyper text markup language) and are accessed using a software program called a web browser, also known as an HTTP client.

## JOURNALS:

Many publications issued at stated intervals, such as magazines or the record of the transactions of a society, are often called journals. In academic use, a journal refers to a serious, scholarly publication, most often peer-reviewed.

A non-scholarly magazine written for education audience about an industry or an area of professional activity is usually called a professional journal. The purpose of a journal is to provide a place for the introduction and security of a new research, and often a forum for critique of existing research.

## Hypothesis

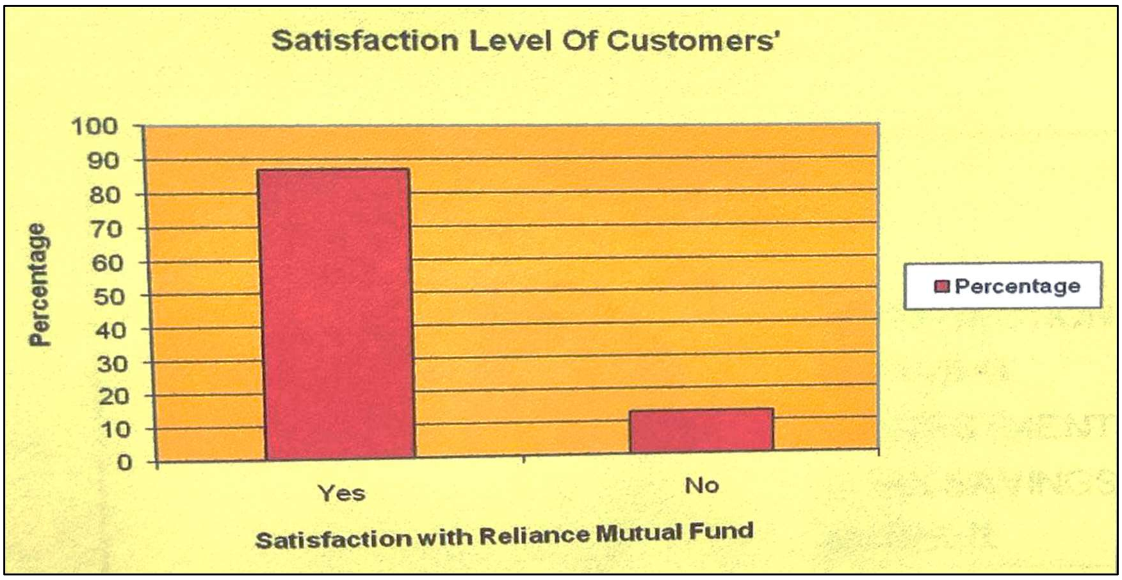
H0 - There is no significant increase in the find value of RMF

H1 - There is significant increase in the value of RMF

**CHAPTER :- 4**

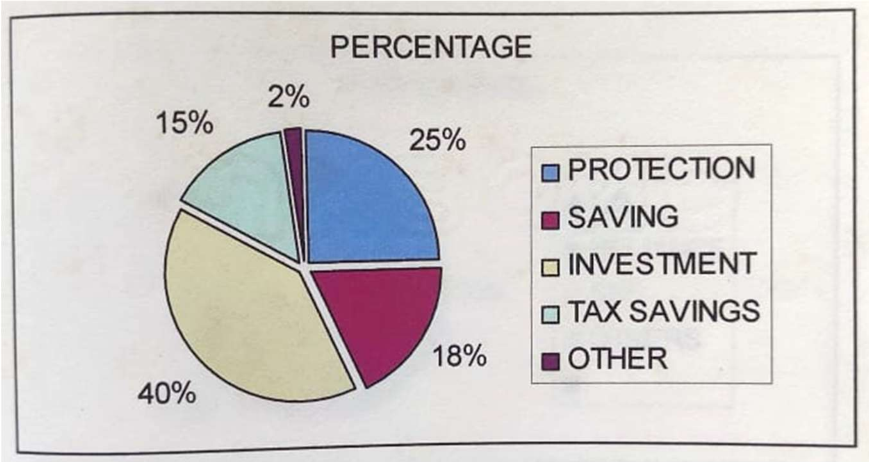
# DATA COLLECTION AND ANALYASIS

The following graph is about the satisfaction level of customer in percentage with the investment plan of reliance mutual fund in nagpur city.



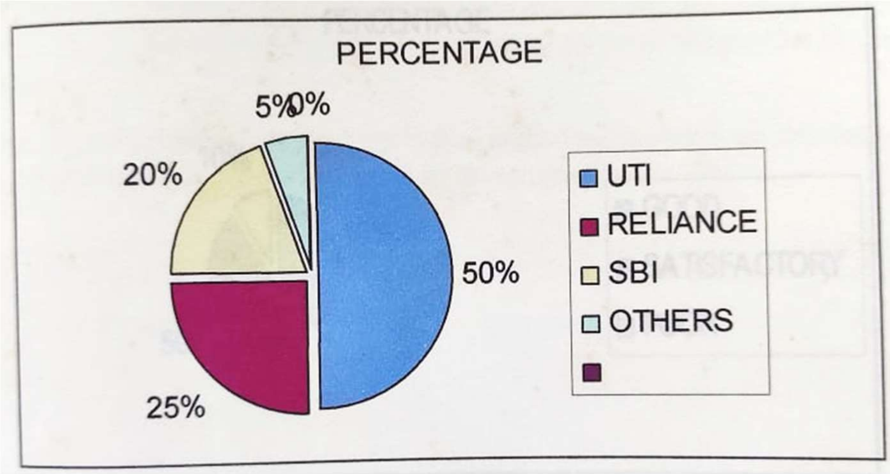

The above graph shows that 87% customer are satisfied with reliance mutual fund plan and 13% are dissatisfied.

The below Pie chart shows that for which purpose they like to invest in Mutual Fund which is given in following percentage.



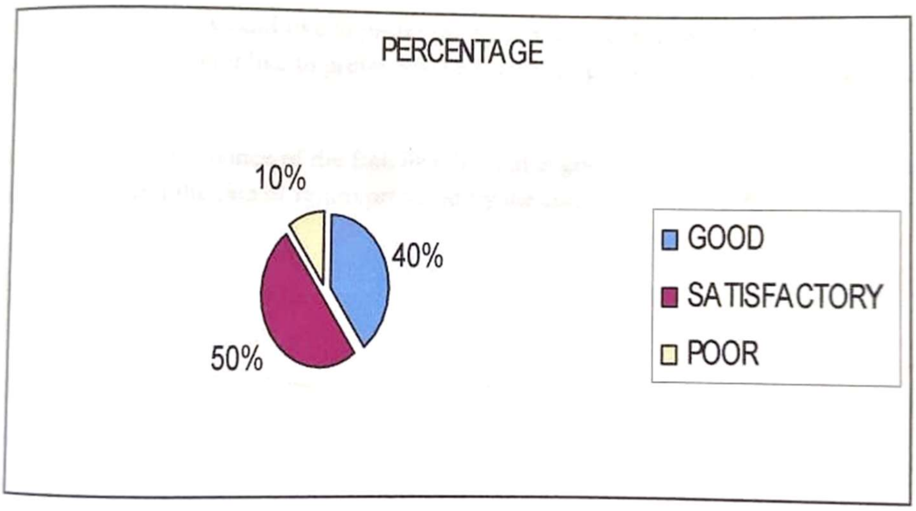

The Pie chart shows that 25% people are invest for the protection purpose, 18% people are invest for saving purpose, 40% for investment purpose, 15% for tax saving and 2% people invest for other purpose.

The below Pie Chart is about which mutual fund company prefer by the people most for investment purpose.




The above chart shows that 50% people would like to invest in UTI, 25% people would like to invest in RELIANCE, 20% people would like to invest in SBI and 5% people like to invest in other company.

The below chart is about the response of investor towards performance of the Reliance Mutual Fund.




The above Pie Chart shows that 40% people saying that performance of reliance is good. 50% are satisfactory and 10% people saying that performance is poor.

## ANALYSIS

By questionnaire method I found that 87% investors are satisfied with Reliance Mutual Fund and 13% are dissatisfied.

The second Pie Chart is about the different purposes for which investors would like to invest in mutual fund 25% are for protection purpose, 18% for saving, 40% for investment, 15% for tax saving and remaining 2% for other purpose.

I analyzed that 25% would like to prefer the Reliance Mutual Fund, 50% would like to prefer UTI, 20% would like to prefer SBI and remaining 5% would like to other Mutual Fund company.

In overall the performance of the Reliance Mutual is good and Investors are satisfied with the company and the rate of return provided by the company is also good.

**CHAPTER :- 5**

# CONCLUSION

# CONSLUSION

Mutual Funds provide you with a cost-effective alternative to direct purchase of stocks or bonds-you don't need to be wealthy to invest in them, and depending on the fund you choose, shares can be purchased with little or no minimum investment. Mutual fund offers you a number of benefits including:

- Diversification
- Professional management
- Liquidity
- Flexibility
- Convenience

As a shareholder, generally you also receive easy-to-read account statement detailing information on account values, share transactions and dividend and capital gains distribution.

To achieve long-term financial goals, your money must work harder than ever. Like many investor today, you may try to put a little money aside each week using a traditional saving account offered by bank. While any savings account program is commendable, it may not be enough to meet your financial needs due to effect of inflation. As the price of goods and services climbs, the rupees buying power sink. This means that the progress you've made toward saving to build your financial nest egg may likely be diminished by the rising cost of living. Mutual funds, with their professional money management, convenience, and low investment minimums, can be an important tool in helping you meet your long-term financial goal by providing you with the potential to achieve higher rates of return than in bank account.

**CHAPTER :- 6**

# RECOMMENTATION

# RECOMMENDATION

1. Growth of share market

2. Beneficial for the investor

3. Make profit for industry

4. Mutual funds empowering the investors with money value information on company

5. Mutual fund scheme make the most use of your money.

**CHAPTER :- 7**

# BIBLIOGRAPHY

# BIBLIOGRPHY


1) www.reliance mutual fund.com

2) www.amfiindia.com

3) Fundamentals of mutual fund- Prof. Jadhav

**CHAPTER :- 8**

# ANNEXURE

# ANNEXURE

## 2.QUESTIONAIRE FOR PROSPECTIVE CUSTOMER

**NAME:**

**AGE:**

**OCCUPATION:**

A) GOVERNMENT SERVICE C) BUSINESS

B) PRIVATE SERVICE D) SELF EMPLOYED

E) OTHERS (SPECIFY) ___________

WOULD YOU LIKE TO GO FOR MUTUAL FUND?

A) YES B) NO

IF YES:

1. PURPOSE OF TAKING MUTUAL FUND?

A) PROTECTION
B) SAVINGS
C) INVESTMENTS
D) TAX SAVINGS
E) OTHERS (SPECIFY)____________________

2. WHICH MUTUAL FUND YOU WOULD PREFER WHILE INVESTMENT?

A) UTI
B) RELIANCE
C) SBI
D) OTHERS

**2.QUESTIONAIRE FOR EXISTING CUSTOMER**

NAME:

AGE:

OCCUPATION:

HAVE YOU INVEST IN RELIANCE MUTUAL FUND PREVIOUSLY?

(A) YES (B) NO

IF YES:

1) HOW YOU INVEST IN RELIANCE MUTUAL FUND?

ANS:______________________________________________

2) ARE YOU HAPPY WITH INVESTMENT IN RELIANCE MUTUAL FUND?

ANS:_________________________________________________________________

3) DO YOU THINK RELIANCE MUTUAL FUND IS A PROGRESSIVE FUND?

ANS:______________________________________________________________

4) WHAT IS THE INCREASE IN RETURN OVER A PERIOD OF TIME?

ANS:__________________________________________________________

5) DOES IT PERFORM EVEN IN THE DOWN STRAIN

ANS:_________________________________________________