SUMMER PROJECT REPORT

ON

"Analytical Study of Traditional V/s Systematic Investment Plan (SIP) at GIM Wealth Pvt. Ltd."

(The Better Way to Invest in Mutual Funds)

Submitted To:

DMSR

G. S. College of Commerce & Economics, Nagpur

(An Autonomous Institution)

Affiliated By:

Rashtrasant Tukdoji Maharaj Nagpur University, Nagpur

Submitted By:

Mr. Swaraj Bhad

Company Guide:

Mr. Sameer Deshpande

Faculty Guide:

Dr. Aniruddha Akarte

Department of Management Sciences and Research,

G.S. College of Commerce & Economics, Nagpur

NAAC Accredited "A" Grade Institution

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CERTIFICATE

This is to certify that the investigation described in this report titled **"Systematic Investment Plan (The Better Way to Invest in Mutual Funds)"** has been carried out by **Mr. Swaraj Bhad** during the summer internship project. The study was done in the organisation, **Gaurang Insurance Marketing & Value Creation Pvt. Ltd.**, in partial fulfilment of the requirement for the degree of Master of Business Administration of **G S. College of Commerce & Economics, Nagpur** (An Autonomous Institution), Affiliated by **Rashtrasant Tukdoji Maharaj Nagpur University, Nagpur**.

This work is the own work of the candidate, complete in all respects and is of sufficiently high standard to warrant its submission to the said degree. The assistance and resources used for this work are duly acknowledged.

Dr. Aniruddha Akarte	**Dr. Sonali Gadekar**
(Faculty Guide)	(Co-Ordinator)

Certificate

GAURANG INSURANCE MARKETING
& VALUE CREATION PVT. LTD.

Date: 12/03/2022

TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Mr. Swaraj Rama Bhad**, a student of **MBA Sem-II, Department of Management Sciences & Research, G. S. College of Commerce & Economics, Nagpur** has successfully completed his Summer Internship Program from **"15th November 2021"** to **"15th January 2022"** under our guidance. During the period of his internship he was found punctual, hardworking and inquisitive.

We wish his every success in life.

For **"Gaurang Insurance Marketing & Value Creation Pvt. Ltd. Company"**

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INTRODUCTION

Introduction to Mutual Funds

Mutual fund is a pool of funds which is divided into units of equal value and sold to investing public and the funds so collected are utilized for collective investments in various capitals and money market instrument. In today's market people invest money to gain more. So, when they take into account, they mostly look out for Investment Company where they can get more income.

Investment companies can be classified into closed-end and open-end investment companies. Closed-end is when it is readily transferable in the market. Open-end funds sell their own shares to investors and ready to buy back their old shares. If we talk about the investment options today, in India we have so many investment companies like UTI, LIC etc., all have their own special ways of servicing the customers. The investors also feel that they are worth to be the part of that company. These days' people mainly look for avoiding tax so normally they look out for some investments which can help them in doing so. When it comes to this point of view, people mainly look out for mutual fund.

Mutual fund is a trust at law; it is a special type of managed, pooled portfolio financial company or financial service organization that sells shares/units/stocks in itself, to the public to obtain its resources and it invests the savings so mobilized or pooled in a large, diversified, & sound portfolio of equity shares, bonds, money market instruments etc., Redeemable trust certificates are sold to investors at net asset value (NAV) plus a small commission. All interest/dividend and principal repayments are distributed to the holders of the certificates.

Mutual Funds are a vehicle for retail and institutional investors to benefit from the capital markets. They offer different kinds of schemes to cater to various types of investors, retail, companies and institutions. Mutual fund schemes are offered to investors for the first time through a New Fund Offering (NFO). Thereafter, close-ended schemes stop receiving money from investors, though these can be bought on the stock exchanges where they are listed. Open-ended schemes sell and re-purchase their units on an ongoing basis. Know Your Client (KYC) process is centralized in the mutual fund industry. Therefore, the Investor needs to complete the formalities only once with the designated KYC service provider. The KYC confirmation thus obtained is valid for investment with any mutual fund.

A feature of mutual fund schemes is the low minimum investment amount – as low as Rs.1,000 for some schemes. This makes it possible for small investors to invest. The expense ratio (which is not more than 2.5% in many schemes, especially liquid and index funds and goes below 0.05% in some schemes being low also helps in making mutual funds a good instrument for building wealth over the long term.

Mutual funds are closely regulated by the Securities & Exchange Board of India (SEBI). The applicable regulation is the SEBI (Mutual Fund) Regulations, 1996. Under the regulations, the Board of Trustees performs an important role in protecting the interests of investors in mutual fund schemes. Another protective feature is the checks and balances in the mutual fund system. For instance, while the Asset Management Company (AMC) handles the investment management activity, the actual custody of the investments is with an independent custodian. Investor records are mostly maintained by the registrar and transfer agents (RTAs), who offer their services to multiple mutual funds. In some cases, the AMC itself maintains the investor records.

SEBI also regulates the investments that mutual fund schemes can make. For instance, commodities other than gold are not permitted. Even within the permissible investments, SEBI has prescribed limits for different kinds of schemes. Rigorous standards of disclosure and transparency make sure that investors get a complete view of their investments on a regular basis. Consolidated Account Statements, mandated by SEBI, ensure that the investor's investments across various mutual funds in the industry are consolidated into a single monthly statement. Even those investors, who do not transact, receive their statement of accounts every 6 months.

Concept of a Mutual Fund

A mutual fund is a professionally managed investment vehicle. Practically, one does not invest in mutual fund, but invests through mutual funds. However, we hear of "investing in mutual funds" or "investing in mutual fund schemes". While that is fine for the purpose of discussions, technically it is not correct. As a mutual fund distributor, it is critical to understand the difference between the two concepts.

When someone says that one has invested in a mutual fund scheme, often, the scheme is perceived to be competing with the traditional instruments of investment, viz. equity shares, debentures, bonds, etc. The reality is that one invests in these instruments through a mutual fund scheme. In other words, through investment in a mutual fund, an investor can get access to equities, bonds, money market instruments and/or other securities, that may otherwise be unavailable to them and avail of the professional fund management services offered by an asset management company.

Thus, an investor does not get a different product, but gets a different way of investing. The difference lies in the professional way of investing, portfolio diversification, and a regulated vehicle.

Mutual fund is a vehicle (in the form of a "trust") to mobilize money from investors, to invest in different markets and securities, in line with stated investment objectives. In other words, through investment in a mutual fund, an investor can get access to equities, bonds, money market instruments and/or other securities, that may otherwise be unavailable to them and avail of the professional fund management services offered by an asset management company.

Role of Mutual Funds

The primary role of mutual funds is to help investors in earning an income or building their wealth, by investing in the opportunities available in securities markets. It is possible for mutual funds to structure a scheme for different kinds of investment objectives.

Mutual funds offer different kinds of schemes to cater to the need of diverse investors. In the industry, the words ‘fund’ and ‘scheme’ are used inter-changeably. Various categories of schemes are called “funds”. In order to ensure consistency with what is experienced in the market, this workbook goes by the industry practice. However, wherever a difference is required to be drawn, the scheme offering entity is referred to as “mutual fund” or “the fund”.

The money that is raised from investors, ultimately benefits governments, companies and other entities, directly or indirectly, for funding of various projects or paying for various expenses. The projects that are facilitated through such financing, offer employment to people; the income they earn helps them buy goods and services offered by other companies, thus supporting projects of these goods and services companies. Thus, overall economic development is promoted.

As a large investor, the mutual funds can keep a check on the operations of the investee company, and their corporate governance and ethical standards.

The mutual fund industry itself, offers livelihood to a large number of employees of mutual funds, distributors, registrars and various other service providers.

Higher employment, income and output in the economy boosts the revenue collection of the government through taxes and other means. When these are spent prudently, it promotes further economic development and nation building.

Mutual funds can also act as a market stabilizer, in countering large inflows or outflows from foreign investors. Mutual funds are therefore viewed as a key participant in the capital market of any economy.

Characteristics of Mutual Funds

- A mutual fund actually belongs to the investors who have pooled their funds. The ownership of the MF is in the hands of the investors.
- A Mutual Fund is managed by investment professionals and other service providers, who earn a fee for their services from the fund.
- The pool of funds is invested in a portfolio of marketable investment. The value of the portfolio is updated every day.
- The investor's share in the fund is denominated by units. The value of the units changes with change in the portfolio's value, every day. The value of one unit of investment is called as the net assets value or NAV.
- The investment portfolio of the Mutual fund is vested according to the stated Investment objectives of the fund.
- Investors purchase mutual fund shares from the fund itself (or through a broker for the fund) instead of from other investors on a secondary market such as the National Stock Exchange and Bombay Stock Exchange
- Mutual fund shares are "redeemable," meaning investors can sell their shares back to the fund (or to broker acting for the fund).
- Mutual Funds generally create and sell new shares to accommodate new investors. IN other words, it sells its shares on a continuous basis, although some funds stop selling when, for example, they become too large.
- The investment portfolios of mutual funds typically are managed by separate entities known as "investment advisers" that are registered with the SEC.

Structure of Mutual Funds

A mutual fund is set up in the form of a trust, which has sponsor, trustees, Asset Management Company (AMC) and custodian. The trust is established by a sponsor or more than one sponsor who is like promoter of a company. The trustees of the mutual fund hold its property for the benefit of the unit holders. Asset Management Company (AMC) approved by SEBI manages the funds by making investments in various types of securities. Custodian, who is registered with SEBI, holds the securities of various schemes of the fund in its custody. The trustees are vested with the general power of superintendence and direction over AMC. They monitor the performance and compliance of SEBI Regulations by the mutual fund.

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. However, Unit Trust of India (UTI) is not registered with SEBI (as on January 15, 2002).

Securities Exchange Board of India

Set up in the year 1992, SEBI Act was passed. The objectives of SEBI are – “to protect the interest of investors in securities and to promote the development of and to regulate the securities market

Role of SEBI

- Formulates policies and regulates the mutual funds to protect the interest of the investors. SEBI notified regulations for the mutual funds in 1993.
- 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.
- All mutual funds are subject to monitoring and inspections by SEBI.

Sponsor

- They are the Promoters of the Mutual Fund
- They are given the charge to form a Trust and appoint Trustees. They are also responsible for appointing the Custodian and AMC
- Eligibility Criteria for Selection of Sponsors: Over5 year of sound financial Track Record 3 Year Profit making record at least 40% contribution to AMC Capital
- He must have net worth in the immediately preceding year more than the capital contribution in AMC

Trustees Trustee Company

- Fiduciary Responsibility for investor funds as a Board of Trustees or Trustee Company Appointed by Sponsor with SEBI approval.
- They in turn appoint an Asset Management Company (AMC) to manage the portfolio of securities registered ownership of investments is with Trust. Trustees hold the Unit Holders' money in "fiduciary capacity".
- There should be at least 4 Trustees (2/3 should be independent) right to seek regular information and remedial action. All major decisions need trustee approval.

Asset Management Company

- The AMC is responsible for the operational aspects of the Mutual Fund. It holds an Investment Management agreement with Trustees.
- It is a SEBI registered entity Requirement of minimum 10 crores of net worth to be maintained at all times at least 1/2 of the board members to be

independent and it cannot have any other business interest Structured as a private limited company (Sponsors and Associates hold capital)

- AMC of one Mutual Fund cannot be trustee of another Mutual Fund. 75% of the Unit Holders jointly can terminate the AMC appointment.
- To define and maintain high professional and ethical standards in all areas of operation of mutual fund industry.
- To interact with the Securities and Exchange Board of India (SEBI) and to represent to SEBI on all matters concerning the mutual fund industry.
- To represent to the Government, Reserve Bank of India and other bodies on all matters relating to the Mutual Fund Industry.
- To undertake nationwide investor awareness programme so as to promote proper understanding of the concept and working of mutual funds.
- To disseminate information on Mutual Fund Industry and to undertake studies and research directly and/or in association with other bodies.

Custodian

- Responsible for the safe keeping of investments of the funds and receipt of all benefits due to the fund. Participates in Clearing System on behalf of the Fund
- Registered with SEBI

Registrar & Transfer Agent

- Responsible for unit holders record maintenance and servicing including purchase,
- repurchase and transfer of units
- Responsible for updating Investor Records and Transactions.

Advantages of Mutual Fund:

If mutual funds are emerging as the favourite 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. **Professional Management:**

   Even if an investor has a big amount of capital available to him, he benefits from the professional management skills brought in by the fund in the management of the investor's portfolio. The investment management skills, along with the needed research into available investment options, ensure a much better return than what an investor can manage on his own. Few investors have the skill and resources of their own to succeed in today's fast moving, global and sophisticated markets.

3. **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 any other 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.

4. **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.

5. **Liquidity:**

   Often, investors hold shares or bonds they cannot directly, easily and quickly sell. When they invest in the units of a fund, they can generally cash their investments any time, by selling their units to the fund if open-ended, or selling them in the market if the fund is close-end. Liquidity of investment is clearly a big benefit.

6. **Convenience And Flexibility:**

   Mutual fund management companies offer many investor services that a direct market investor cannot get. Investors can easily transfer their holding from one scheme to the other; get updated market information and so on.

7. **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.

8. **Choice of Schemes:**

   Mutual Funds offer a family of schemes to suit your varying needs over a lifetime.

9. **Well Regulated:**

   All Mutual Funds are registered with SEBI and they function within the provisions of strict regulations designed to protect the interests of investors. The operations of Mutual Funds are regularly monitored by SEBI.

10. **Transparency:**

You get regular information on the value of your investment in addition to disclosure on the specific investments made by your scheme, the proportion invested in each class of assets and the fund manager's investment strategy and outlook.

Disadvantages Mutual Fund:

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 in direct investing. However, this shortcoming only means that there is a cost to obtain the mutual fund services.

2. **No Tailor-Made Portfolio:**

   Investors who invest on their own can build their own portfolios of shares and bonds and other securities. Investing through fund means he delegates this decision to the fund managers. The very-high-net-worth individuals or large corporate investors may find this to be a constraint in achieving their objectives. However, most mutual fund managers help investors overcome this constraint by offering families of funds- a large number of different schemes- within their own management company. An investor can choose from different investment plans and constructs a portfolio to his choice.

3. **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.

4. **The Wisdom of Professional Management:**

   That's right, this is not an advantage. The average mutual fund manager is no better at picking stocks than the average nonprofessional, but charges fees.

5. **No Control:**

   Unlike picking your own individual stocks, a mutual fund puts you in the passenger seat of somebody else's car.

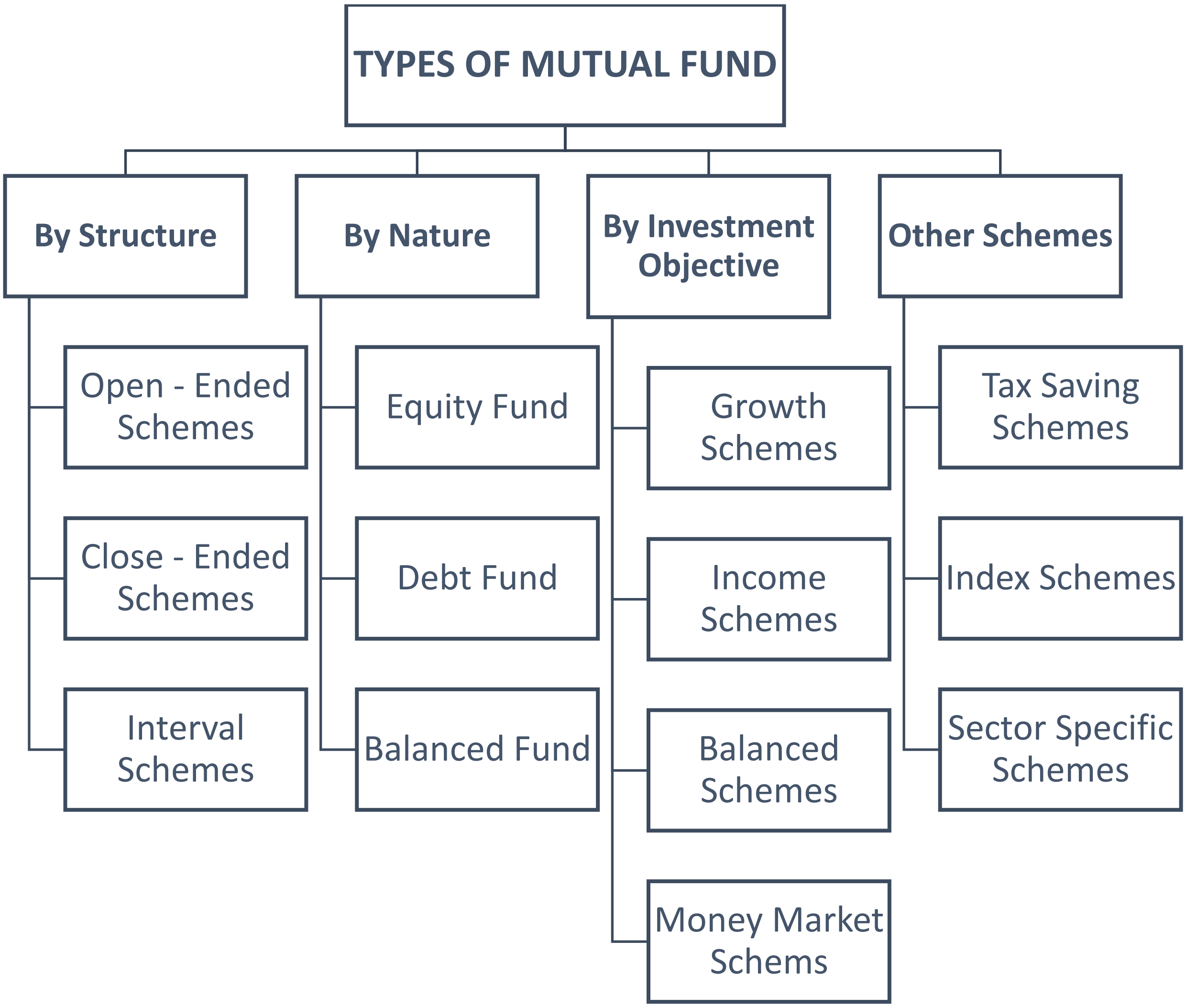
6. **Dilution:**

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

7. **Buried Costs:**

   Many mutual funds specialize in burying their costs and in hiring salesmen who do not make those costs clear to their clients.

Types of Mutual Funds



- **By Structure**

1. Open – Ended Scheme:

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 15 years. 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 stipulate 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.

- **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:** Invest their corpus in securities issued by Government, popularly known as Government of India debt papers. These Funds carry zero Default risk but are associated with Interest Rate risk. These schemes are safer as they invest in papers backed by Government.
- **Income Funds:** Invest a major portion into various debt instruments such as bonds, corporate debentures and Government securities.
- **MIPs:** Invests maximum of their total corpus in debt instruments while they take minimum exposure in equities. It gets benefit of both equity and debt market. These scheme ranks slightly high on the risk-return matrix when compared with other debt schemes.
- **Short Term Plans (STPs**): Meant for investment horizon for three to six months. These funds primarily invest in short term papers like Certificate of Deposits (CDs) and Commercial Papers (CPs). Some portion of the corpus is also invested in corporate debentures.
- **Liquid Funds:** Also known as Money Market Schemes, these funds provide easy liquidity and preservation of capital. These schemes invest in short-term instruments like Treasury Bills, inter-bank call money market, CPs and CDs. These funds are meant for short-term cash management of corporate houses and are meant for an investment horizon of 1day to 3 months. These schemes rank low on risk-return matrix and are considered to be the safest amongst all categories of mutual funds.

3. **Balanced Funds:**

   As the name suggest they, are a mix of both equity and debt funds. They invest in both equities and fixed income securities, which are in line with pre-defined investment objective of the scheme. These schemes aim to provide investors with the best of both the worlds. Equity part provides growth and the debt part provides stability in returns.

   Further the mutual funds can be broadly classified on the basis of investment parameter viz, each category of funds is backed by an investment philosophy, which is pre-defined in the objectives of the fund. The investor can align his own investment needs with the fund's objective and invest accordingly.

- **By Investment Objective:**

  1. **Growth Scheme:**

     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 a part 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.

- **Other Schemes:**

1. **Tax Saving Scheme:**

   Tax-saving schemes offer tax rebates to the investors under tax laws prescribed from time to time. Under Sec.88 of the Income Tax Act, contributions made to any Equity Linked Savings Scheme (ELSS) are eligible for rebate.

2. **Index Schemes:**

   Index schemes attempt to replicate the performance of a particular index such as the BSE Sensex or the NSE 50. The portfolio of these schemes will consist of only those stocks that constitute the index. The percentage of each stock to the total holding will be identical to the stocks index weightage. And hence, the returns from such schemes would be more or less equivalent to those of the Index.

3. **Sector Specific Schemes:**

   These are the funds/schemes which invest in the securities of only those sectors or industries as specified in the offer documents. e.g., Pharmaceuticals, Software, Fast Moving Consumer Goods (FMCG), Petroleum stocks, etc. The returns in these funds are dependent on the performance of the respective sectors/industries. While these funds may give higher returns, they are riskier compared to diversified funds. Investors need to keep a watch on the performance of those sectors/industries and must exit at an appropriate time.

Current Scenario of Mutual Funds

The global economic environment was conducive and this led to the explosive growth of mutual funds in most countries particularly since 1980's. This growth can be attributed to the strong emergence of the market economy which depends more on the growth led by the stock market. Mutual funds found increasing acceptance in the developed countries when compared to the developing countries in the early and mid-90's but gradually it found its place even in the developing countries because of its advantages. Gradually the number of mutual funds increased significantly worldwide and many developed countries started designing country specific funds to match the trend prevailing in other developed countries.

Evolution of Mutual Fund Industry in India

A strong financial market with broad participation is essential for a developed economy. With this broad objective India's first mutual fund was establishment in 1963, namely, Unit Trust of India (UTI), at the initiative of the Government of India and Reserve Bank of India 'with a view to encouraging saving and investment and participation in the income, profits and gains accruing to the Corporation from the acquisition, holding, management and disposal of securities.

In the last few years, the MF Industry has grown significantly. The history of Mutual Funds in India can be broadly divided into five distinct phases as follows:

First Phase- 1964-1987

The Mutual Fund industry in India started in 1963 with formation of UTI in 1963 by an Act of Parliament and functioned under the Regulatory and administrative control of the Reserve Bank of India (RBI). In 1978, UTI was de-linked from the RBI and the Industrial Development Bank of India (IDBI) took over the regulatory and administrative control in place of RBI. Unit Scheme 1964 (US '64) was the first scheme launched by UTI. At the end of 1988, UTI had ₹ 6,700 crores of Assets Under Management (AUM).

Second Phase- 1987-1993 – Entry of Public Sector Mutual Funds

The year 1987 marked the entry of public sector mutual funds set up by Public Sector banks and Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC). SBI Mutual Fund was the first 'non-UTI' mutual fund established in June 1987, followed by Canara Bank Mutual Fund (Dec. 1987), Punjab National Bank Mutual Fund (Aug. 1989), Indian Bank Mutual Fund (Nov 1989), Bank of India (Jun 1990), Bank of Baroda Mutual Fund (Oct. 1992). LIC established its mutual fund in June 1989, while GIC had set up its mutual fund in December 1990. At the end of 1993, the MF industry had assets under management of ₹47,004 crores.

Third Phase - 1993-2003 – Entry of Private Sector Mutual Funds

The Indian securities market gained greater importance with the establishment of SEBI in April 1992 to protect the interests of the investors in securities market and to promote the development of, and to regulate, the securities market.

In the year 1993, the first set of SEBI Mutual Fund Regulations came into being for all mutual funds, except UTI. The erstwhile Kothari Pioneer (now merged with Franklin Templeton MF) was the first private sector MF registered in July 1993. With the entry of private sector funds in 1993, a new era began in the Indian MF industry, giving the Indian investors a wider choice of MF products. The initial SEBI MF Regulations were revised and replaced in 1996 with a comprehensive set of regulations, viz., SEBI (Mutual Fund) Regulations, 1996 which is currently applicable.

The number of MFs increased over the years, with many foreign sponsors setting up mutual funds in India. Also, the MF industry witnessed several mergers and acquisitions during this phase. As at the end of January 2003, there were 33 MFs with total AUM of ₹1,21,805 crores, out of which UTI alone had AUM of ₹44,541 crores.

Fourth Phase – Since February 2003 – April 2014

In February 2003, following the repeal of the Unit Trust of India Act 1963, UTI was bifurcated into two separate entities, viz., the Specified Undertaking of the Unit Trust of India (SUUTI) and UTI Mutual Fund which functions under the SEBI MF Regulations. With the bifurcation of the erstwhile UTI and several mergers taking place among different private sector funds, the MF industry entered its fourth phase of consolidation.

Following the global melt-down in the year 2009, securities markets all over the world had tanked and so was the case in India. Most investors who had entered the capital market during the peak, had lost money and their faith in MF products was shaken greatly. The abolition of Entry Load by SEBI, coupled with the after-effects of the global financial crisis, deepened the adverse impact on the Indian MF Industry, which struggled to recover and remodel itself for over two years, in an attempt to maintain its economic viability which is evident from the sluggish growth in MF Industry AUM between 2010 to 2013.

Fifth (Current) Phase – Since May 2014

Taking cognisance of the lack of penetration of MFs, especially in tier II and tier III cities, and the need for greater alignment of the interest of various stakeholders, SEBI introduced several progressive measures in September 2012 to "re-energize" the Indian Mutual Fund industry and increase MFs' penetration.

In due course, the measures did succeed in reversing the negative trend that had set in after the global melt-down and improved significantly after the new Government was formed at the Centre.

Since May 2014, the Industry has witnessed steady inflows and increase in the AUM as well as the number of investor folios (accounts).

- The Industry's AUM crossed the milestone of ₹10 Trillion (₹10 Lakh Crore) for the first time as on 31st May 2014 and in a short span of about three years the AUM size had increased more than two folds and crossed ₹ 20 trillion (₹20 Lakh

Crore) for the first time in August 2017. The AUM size crossed ₹ 30 trillion (₹30 Lakh Crore) for the first time in November 2020.

- The overall size of the Indian MF Industry has grown from ₹ 6.75 trillion as on 29th February 2012 to ₹ 37.56 trillion as on 28th February 2022, more than 5½ fold increase in a span of 10 years.
- The MF Industry's AUM has grown from ₹ 17.89 trillion as on February 28, 2017 to ₹37.56 trillion as on February 28, 2022, more than 2-fold increase in a span of 5 years.
- The no. of investor folios has gone up from 5.44 crore folios as on 28-Feb-2017 to 12.61 crore as on 28-February-2022, more than 2-fold increase in a span of 5 years.
- On an average 11.96 lakh new folios are added every month in the last 5 years since February 2017.

The growth in the size of the industry has been possible due to the twin effects of the regulatory measures taken by SEBI in re-energising the MF Industry in September 2012 and the support from mutual fund distributors in expanding the retail base.

MF Distributors have been providing the much-needed last mile connect with investors, particularly in smaller towns and this is not limited to just enabling investors to invest in appropriate schemes, but also in helping investors stay on course through bouts of market volatility and thus experience the benefit of investing in mutual funds.

MF distributors have also had a major role in popularising Systematic Investment Plans (SIP) over the years. In April 2016, the no. of SIP accounts has crossed 1 crore mark and as on 28th February 2022 the total no. of SIP Accounts are 5.17 crore.

Systematic Investment Plan (SIP)

Systematic Investment Plan (SIP) is an investment plan (methodology) offered by Mutual Funds wherein one could invest a fixed amount in a mutual fund scheme periodically, at fixed intervals – say once a month, instead of making a lump-sum investment.

The SIP instalment amount could be as little as ₹500 per month. SIP is similar to a recurring deposit where you deposit a small /fixed amount every month.

SIP is a very convenient method of investing in mutual funds through standing instructions to debit your bank account every month, without the hassle of having to write out a cheque each time.

SIP has been gaining popularity among Indian MF investors, as it helps in Rupee Cost Averaging and also in investing in a disciplined manner without worrying about market volatility and timing the market. Systematic Investment Plans offered by mutual funds are easily the best way to enter the world of investments over the long term.

Common sense suggests that "Buying low and selling high" is perhaps the best way to get good returns on your investments. But this is easier said than done, even for the most experienced investors. There are many factors at play when it comes to any market - debt or equity, and all of them are inextricably linked.

SIP is a simpler approach to long term investing is disciplining and committing to a fixed sum for a fixed period and sticking to this schedule regardless of the conditions of the market.

How to Invest in SIP?

- The SIP option is available with all types of funds like equity, income or gift.

- An investor can avail the SIP option by giving post-dated cheques of Rs.500 or Rs.1000 according to the funds' policy.
- If an investor wants to put more than Rs.500 or Rs.1000 in any given month he will have to fill in a new form for SIP intimating the fund that he is changing his SIP structure. Also, he will be allowed to change the SIP structure only in the multiples of the SIP amount.
- If an investor is investing in two different schemes of the same fund, he can fill in a common SIP form for all the schemes. However, if the first holders in those schemes are different then they will have to fill different SIP forms, as the first holder has to sign on the form.
- The investor can get out of the fund i.e., redeem his units any time irrespective of whether he has completed his minimum investment in that scheme. In that case, his post-dated cheques will be returned back to him.

Let's take an Example:

- An investor 'ARJUN' wants to invest in fund 'A' which can be an equity, income or gift.
- The policy of fund 'A' for entering in an SIP is that the investor will have to issue 6 post-dated cheques of Rs.500/- in case of monthly option or 4 cheques in a quarterly option. The minimum investment for all its schemes is Rs.5000. 'ARJUN' issues 6 post-dated cheques of Rs.500/- each in the name of fund 'A' with the first cheque being dated as on 7th May 2001.
- Now in the month of August 2001 'ARJUN' wants to change his SIP structure from Rs.500/- to Rs.1000/-. In this case, he will have to intimate the fund and will have to fill a new SIP form issuing new post-date cheques of Rs.1000/- each.
- 'ARJUN' is investing in three different schemes of fund 'A'. In two of the schemes 'ARJUN' is the first holder and in the third scheme his wife is the first holder. In this case, he can fill a common SIP form where he is the first

holder and where his wife is he first holder, e will have to fill in a new SIP form.

- In the month of September 2001, 'ARJUN' wants to exit from the fund. He will just have to give a redemption request to the fund wherein is units will be redeemed and his remaining post-dated cheques will be returned back to him irrespective of whether he has completed his minimum investment in the fund.

Investing in SIP is also known as Rupee Cost Averaging. The advantage of rupee cost averaging

is that the Net Asset Value (NAV) is averaged out, as the investor will be entering the fund at

different NAV's, which may be higher or lower depending on the market condition.

Let's take the example of 'ARJUN' wherein he has started investing in units every month since

he issued the first cheque on 7th May 2001. In this example we assume that he does not change

his SIP structure and also does not redeem the units.

Investment in Fund 'A' of Mr. Arjun

Period	Investment (Rs.)	NAV (Rs. Per Unit)	Units Allocated
7th May 01	500.00	10.00	50
7th June 01	500.00	13.00	38.5
7th July 01	500.00	10.50	47.6
7th Aug 01	500.00	9.50	52.6
7th Sep 01	500.00	8.00	62.5
Total	**a=2500**		**b=251.2**

Actual average NAV (Rs.) = Rs.10.2 per unit

NAV for ARJUN= Rs.9.95 per unit (a/b)

The above table shows clearly how rupee cost averaging works and how it was beneficial to

'ARJUN'. The actual average NAV of a fund is Rs.10.2/- per unit, but the average NAV for

'ARJUN' is Rs.9.95/- per unit, which is lower than the current NAV.

An investor who is not having a lump-sum amount to invest and also does not want to take much

risk on his investment should always select a 'Systematic Investment Plan' option. This will

enable him to invest regularly i.e., improve investing discipline. Also, the investor stands to

benefit from rupee cost averaging.

Advantage of SIP

Rupee Cost Averaging

Rupee cost averaging, as this practice is called, in a way ensures that you automatically buy more units when the NAV is low and fewer when the NAV is high…e.g., an SIP of ₹1000 gets you 50 units when the NAV is Rs. 20, but gets you 100 units when the NAV is Rs.10. The average cost for buying those 150 units would be Rs. 2000/150 units i.e., ₹ 13.33.

However, please remember that the Rupee cost averaging does not assure profit, nor does it protect one against investment losses in declining markets. It merely ensures disciplined & regular investment in stock markets, which helps overcome the natural impulse to stop investing in a falling or a depressed market or investing a lot, when markets are buoyant and euphoric.

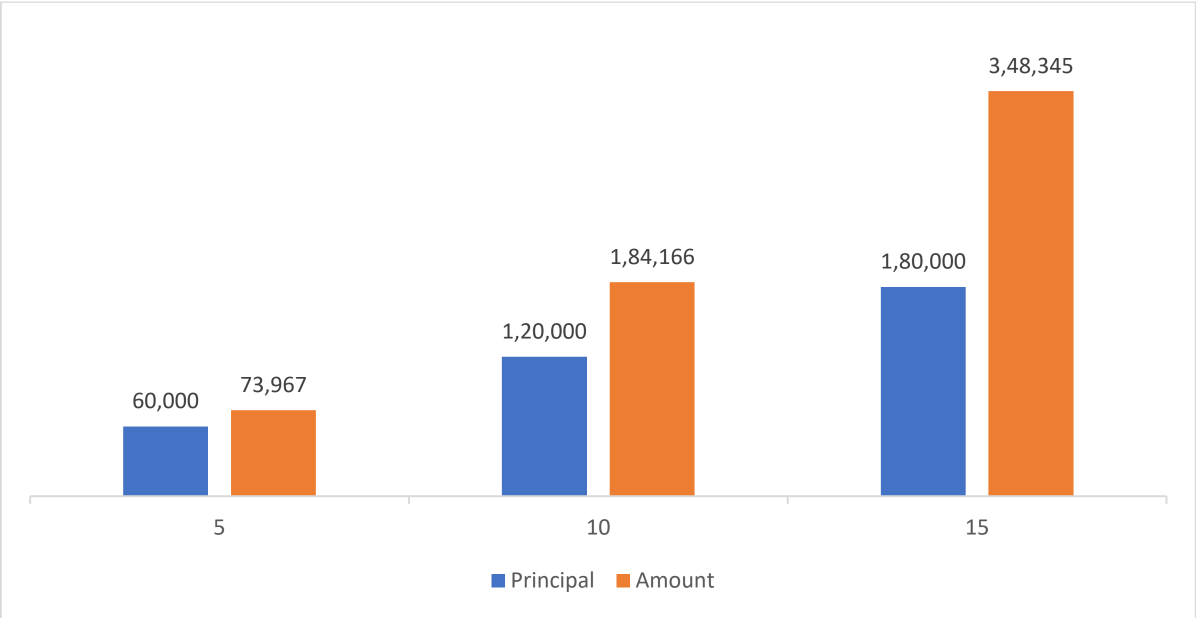
The Power of Compounding

There is a great advantage with long-term investments, namely, compounding which is considered one of the greatest mathematical discoveries.

To put it in simple words, compounding is when the interest (or income) you earn is reinvested in the original corpus and accumulated corpus continues to earn (& grow). Every time this happens, your investment keeps growing, paving the way for a systematic accumulation of money, multiplying over time.

To illustrate, a small amount of ₹1000 invested every month at an interest rate of 8% for 25 years would give you ₹ 9.57 Lakh! That means your investment of just ₹ 3 Lakh would have grown three times over!

Here is a graph that represents the same for a time period of 15 years



Starting Early Pays Well

To get the best out of your investments, it is very important to invest for the long-term, which means that you should start investing early, in order to maximize the end returns.

Let’s understand this better through an illustration –

Let's assume that two friends, both aged 25, decide to invest ₹ 2000 every month for a period of 5 years and earn 8% p.a. on a monthly compounding basis. The only difference is that while one starts investing promptly at the age of 25 itself, the other starts investing 10 years later at the age of 35 years. Both decide to hold on to their investments till they turn 60. So, while both of them would accumulate principal investment of ₹1.2 Lakh over a period of 5 years, the investment of the person who started early at the age of 25 appreciates to over ₹ 14 Lakh, the investment of the second person who started later grows to only about ₹ 6 Lakh.

COMPANY PROFILE

Gaurang Insurance Marketing and Value Creation Private Limited

In an era of constant changing and volatile financial Market, Investors need a Qualified/ Trained and unbiased professional to assist them in achieving their short term and long-term Investment goal. At GIM Wealth our single utmost aim is to assist clients with dedication and integrity so that we exceed their expectations and build enduring relationships. We offer technology-based services for our clients to effectively monitor their portfolio and help.

Motto of the Company

We believe in developing long term wealth building relationship with a solid foundation of client's trust and faith, which requires a thorough understanding of the intricacies of financial world, when it comes to the institution as well as an individual.

We aim to provide unbiased guidance about investment vehicles in the debt and equity spheres. Our sole watchword is to simplify and manage our client's investment needs so that they can focus on other more meaningful facts of their institution and life.

Our Triumphs

We, in the past three years have earned a lot of accolades one of them being the Champion of the SIP Club at the National level and we have also successfully conducted various Investor Awareness Programme, the recent one being the 'Financial Literacy Programme to empower the individual investors' at the Rotary Club of Chandrapur.

Services offered by GIM Wealth

1. Mutual Funds
2. Life Insurance
3. Health Insurance
4. General Insurance
5. Fixed deposits
6. Stock Distribution
7. Housing Loan
8. Retirement Plan
9. Tax Saving

TERMINLOGIES

- **AMC (Asset Management Company)**

  Asset Management Company is the company that manages funds of individuals. A mutual fund is a trust registered under the Indian Trust Act. It is initiated by a sponsor. A sponsor is a person who acts alone or with a corporate to establish a mutual fund. The sponsor then appoints an AMC to manage the investment, marketing, accounting and other functions pertaining to the fund. Various funds can be introduced by a single AMC according to investment objective. It is a pool where funds are collected and invested professionally and the returns are distributed proportionally.

- **NAV (Net Asset Value)**

  Net Asset Value or NAV often heard and a familiar term when we talk about mutual funds. Most of us have heard this term and use it on and off but very few of us know what exactly this term connotes and how is it interpreted. In a layman’s language it is the price per share or unit of a mutual fund. As stocks have a share price, mutual funds have NAV. If we are buying 100 units of a mutual fund then we buy it at its NAV. Though share price fluctuates throughout the day at exchanges, the NAV does not change. NAV of a fund is calculated at end of the trading day.

- **AUM (Asset Under Management)**

  Asset Under Management means the total sum of investors which the AMC is controlling. It is the total size of assets which these AMCs manage for their client. An AUM of an AMC is the sum of total assets held less its liabilities. These funds are used to transact and buy shares, bonds etc. on behalf of its client. Once the contribution is made by the client, his fund can be used to buy or sell shares by the fund manager without his permission. AUM keeps fluctuating due to fresh investments and redemptions done on a daily basis. AUM is one of the biggest parameters to attract new customers by the AMC. The larger the AUM, it reflects trust of investors and sound fund performance of the AMC. If the AUM is too new and small, people are sceptic to invest with such companies.

OBJECTIVE OF STUDY

- To Study Investor’s option for entry into Mutual Fund, Lump Sum (Traditional Method) or SIP.
- To Study Comparative Analysis between Lump Sum (Traditional Method) and SIP.
- To Study whether Investors get Delight when Investment is through SIP.

SCOPE OF STUDY

This project will help existing/prospective investor to understand what the various mode of investment in Mutual Fund are and why Systematic Investment Plan gives better returns than Lump sum. So that investors can do better use of their hard-earned money to earn more profit.

CONTRIBUTION DURING SIP

My Contribution during internship was to generate business for the company by way of persuading peoples to invest in mutual funds. I was given intensive training during the starting of our internship about the product and the details about it like the different Mutual Fund plans, various value-added services provided by the company, extensive research done by the company to provide the customers with accurate information and provide the customers with opportunities to earn handsome returns on their investments.

During my internship I was given the task of calling customers and trying to convince, them to Invest in Mutual Funds. I also have the task of convince the customers that investing in the stock market and mutual funds is a better option than investing money in FD, Post office schemes etc. The average return from the stock market during the past five years is about 15% p.a. Once I had convinced the client over the phone then the next task was to ask for a meeting where I would clear any remaining doubts that the client may have and do the necessary paper work that is required to KYC and Mutual Fund account.

Apart from tele calling other ways of generating leads for the company was by way of talking to people in the market and getting them to invest in the stock market through Mutual Fund. Taking to them about ways by which they could start investment in the stock market through Mutual Fund.

Our task was to interact with people and provide them with basic knowledge about investment.

opportunities in the stock market. Our primary goal was to generate leads for the company and getting people to invest in the mutual funds and clear their misconception that investment in the mutual funds is risky and they would suffer losses.

LIMITATIONS OF THE STUDY

1. Useful Financial insights are not easily available.
2. Due to time constraint sufficient research on all the investment tools is difficult.
3. The survey sample is not very large for analysis.
4. Properly convincing people to invest in mutual funds is challenging.
5. Due to recession, there is liquidity crunch in the market.
6. There might have been tendencies among the respondents to amplify or filter their responses under the testing conditions.
7. The research is confined to Nagpur and does not necessarily show a pattern applicable to other parts of the country.

RESEARCH METHODOLOGY

Research is essentially a logical and an organized enquiry seeking facts through objective verifiable methods in order to discover the relationship among them and to refer from the board principles or laws. It is really a method of critical thinking.

Research may be defined as a systematic and objective analysis and recording of controlled observation that may land to the development of generalization of principles and theories resulting in prediction and possibly ultimate control of events.

Methodology is often used in a narrow sense to refer to methods, technology or tools employed for the collection of data as well as its processing. This is also used sometimes to designate data collected to been done. It provides answers to some of the major questions while search like what must be done, how it will be done, what data will be needed, what data gathering devices will be employed, how sources of data will be analysed at the conclusion.

Different Types of Methods:

Success of conducting research depends over the result that is gained by the researcher at the end of the research. These obtained results are affected by the used methods to conduct research. In this way, there are

Two Types of Methods:

A) Primary Method
B) Secondary Method

A) Primary Method: All the data that are collected at first time are included under the primary data collection method. Three approaches or methods are comprised under the primary data methods such as:

1. Observation method

2. In-depth interview and

3. Survey through questionnaire.

Under the primary data collection method, most of the researchers prefer to use direct communication with the respondents to reach at the result of the research.

B) Secondary Method: Secondary Data Collection Method Data that are collected on the basis of previous data or research is included under the secondary data collection method. In this way, several types of approaches can be used such as:

1. Case study

2. Documentation review

3. Articles

4. Projects etc.

- **Title of The Study**

  Systematic Investment Plan
  (The Better Way to Invest in Mutual Fund)

- **Duration of The Project**

  The Duration of The Project is 60 Days

- **Objective of The Study**
  - Investor's option for entry into Mutual Fund, Lump Sum or SIP
  - Comparative Analysis between Lump Sum and SIP
  - Investors Delight when Investment is through SIP

Research Methodology used in this Project:

The study is based on Secondary data and Primary data. In the case study approach of the secondary data collection method, I have collected the data from which is available on web-sites of the Association of Mutual Funds in India (AMFI)

Research Methodology- The study is based on Secondary Data and Primary Data which have been collected from:

(1) AMFI Websites.

(2) Articles and Research papers.

(3) Internet.

(4) Books

(5) Survey

- **Research Type**

  Conclusive and **Explorative** approach has been adopted in the study. As here the topic of research problem has been explored so that hidden facts can come into the light and then the maximum allocation criteria in SIP are Rs. 1000-3000 i.e., the final conclusion is given 45%

- **Sample Size**

  A sample size of 50 investors was chosen to meet the earlier mentioned objectives. The selection of sample was based on the following criteria: -

  - People belonging to different state of society.

- Servicemen working in government organization & private organization.
- Professionals who include doctors, lawyers, teachers etc

- **Research Design**

  This research is **Explorative** and **Conclusive** in nature because it aims to collect the data about the behaviour of investors in which way they invest in Mutual Funds. The research approach used is survey based and the analysis is largely based on the Primary Data.

- **Research Instrument**

  Structured questionnaire: Open - Ended and Close - Ended.

- **Research Approach**

  Any Methodology includes the overall research design, the sampling procedure and data collection method. The methodology adopted by me for purpose of finding the investment behaviour of investors was DIRECT SURVEY METHOD

- **Population**

  Nagpur

- **Study Scope**

  Nagpur

  This project will help existing/prospective investor to understand what the various mode of investment in Mutual Fund are and why Systematic

Investment Plan gives better returns than Lump sum. So that investors can do better use of their hard-earned money to earn more profit.

- **Types of Data**
  1. Primary Data
  2. Secondary Data

  - **Primary Data** is that data which is collected by the researcher as per his/her needs.
  - **Secondary Data** is that data which is collected through references as websites, journals, books, magazines, etc.

- **Limitations to The Survey**

Though research-based decision-making is now considered but still there is a gap between the understanding of researcher and users.

Research is there to help in decision-making, not a substitute of decision-making. Some of the following limitations have restricts the scope of survey to some extent:

  - Some respondents gave vague information and were not serious while responding.
  - Some respondents were hesitant to reveal information about their finances because of income tax queries.
  - It was difficult to find whether respondents actually participate in their financial planning.
  - Research can provide number of facts but it does not provide actionable results.

- It cannot provide answer to any problem but can only provide a set of guidelines.
- Management relies more on the intuitions and judgments rather than research.
- Area of research was restricted to some location of the city and state.

ANALYSIS AND INTERPRETATION

Secondary Research

Systematic Investment Plan

Systematic Investment Plans (SIP) “Every drop makes an Ocean”-

SIP’s enable investors to invest a fixed sum periodically into a mutual fund scheme. Units are bought at the NAV related price prevailing on the date of investment. The investment is thus staggered over time, reducing the risk of investing a lump sum at a specific time. Since a fixed amount is being invested, larger number of units is bought when price is low and smaller number of units is bought when price is high. Systematic investment plan thus lowers the average cost of purchases. The strategy is called Rupee Cost Averaging.

The mutual fund specifies the minimum amount that must be invested every period. This may be as low as Rs 50 (micro slips) though most funds have the minimum amount at Rs 500 or 1000 per month. Investors commit to the periodic investment over a chosen length of time. SIPs can be committed for six months, one year, or even more. AMC’s offer specific intervals in which SIP investment can be made. These can be monthly, quarterly, half yearly or annual. SIPs are to be made on dates specified by the AMC, for example 5th, 15th, or 25th of a month.an investor can invest over a year by selecting a date specified by the AMC. Example: You invest Rs 1,000 each, on the 15th of every month for the entire year.

SIPs can be initiated along with an NFO. The first instalment is at the NFO purchase price and is allotted like an NFO. The second instalment begins after the scheme reopens for continuous purchase transactions. Payment instruments for SIPs can be post-dated cheques (PDCs), ECS (electronic clearing service) mandate or standing instruction for direct transfer. The applicable NAV for an

SIP is the NAV on the instalment date or if that day is on holiday, then the NAV of the next business day.

How does it work?

A SIP is a flexible and easy investment plan. Your money is auto-debited from your bank account and invested into a specific mutual fund scheme. You are allocated certain number of units based on the ongoing market rate (called NAV or net asset value) for the day.

Every time you invest money, additional units of the scheme are purchased at the market rate and added to your account. Hence, units are bought at different rates and investors benefit from Rupee-Cost Averaging and the Power of Compounding.

Rupee-Cost averaging

With volatile markets, most investors remain sceptical about the best time to invest and try to 'time' their entry into the market. Rupee-cost averaging allows you to opt out of the guessing game. Since you are a regular investor, your money fetches more units when the price is low and lesser when the price is high. During volatile period, it may allow you to achieve a lower average cost per unit.

Power of Compounding

Albert Einstein once said, *"Compound interest is the eighth wonder of the world. He who understands it, earns it... he who doesn't... pays it."* The rule for compounding is simple - the sooner you start investing, the more time your money has to grow.

An illustration below explains the benefit of an SIP over a lump sum: -

SIP - Rupee Cost Averaging					
		Lump - Sum Investor		SIP Investor	
Month	Unit Price (Rs.)	Investment (Rs.)	Unit Purchased	Investment (Rs.)	Unit Purchased
1	50	9,000	180	1000	20
2	47				21
3	45				22
4	44				23
5	46				22
6	48				21
7	49				20
8	50				20
9	52				19
Total Investment		Rs. 9,000		Rs. 9,000	
Total Units Purchased		180		188	
Average Unit Price		Rs. 50		Rs. 48	
Value After 9 Months		Rs. 9,360		Rs. 9,799	

In long term, SIP investors gain as his investment and unaffected by market volatility.

Example

If you started investing Rs. 10,000 a month on your 40th birthday, in 20 years' time you would have put aside Rs. 24 lakhs. If that investment grew by an average of 7% a year, it would be worth Rs. 52.4 lakhs when you reach 60.

However, if you started investing 10 years earlier, your Rs. 10,000 each month would add up to Rs. 36 lakhs over 30 years. Assuming the same average annual growth of 7%, you would have Rs. 1.22 Cr on your 60th birthday - more than double the amount you would have received if you had started ten years later.

Mirae Asset – NAV for Emerging Blue-chip Fund

For Example: You start investing Rs 5000 every year for 4 Year starting from 5th Jan 2019. The NAV on that particular day was 48.36, so you receive Rs. 11,306.52. By the end of 3 and Half years, you will receive Rs.4,04,648.15 with a profit of Rs. 1,59,648.15

DATE	Mirae Asset Emerging Blue-chip Fund	AMOUNT	UNIT	CURRENT NAV	CURRENT VALUE	PROFIT/LOSS
Jan-19	48.36	5000	103.38	96.002	9925.15	4925.15
Jan-20	57.12	5000	87.54	96.002	8403.98	3403.98
Jan-21	71.04	5000	70.38	96.002	6756.99	1756.99
Jan-22	96.40	5000	51.87	96.002	4979.41	-20.59
Feb-19	47.81	5000	104.58	96.002	10039.95	5039.95
Feb-20	55.78	5000	89.63	96.002	8604.95	3604.95
Feb-21	73.91	5000	67.65	96.002	6494.78	1494.78
Feb-22	88.85	5000	56.27	96.002	5402.48	402.48
Mar-19	49.63	5000	100.76	96.002	9672.75	4672.75
Mar-20	37.65	5000	132.81	96.002	12749.95	7749.95
Mar-21	76.27	5000	65.56	96.002	6293.89	1293.89
Mar-22	87.43	5000	57.19	96.002	5489.97	489.97
Apr-18	49.13	5000	101.77	96.002	9769.80	4769.80
Apr-19	52.84	5000	94.62	96.002	9083.87	4083.87
Apr-20	40.05	5000	124.84	96.002	11984.97	6984.97
Apr-21	76.56	5000	65.31	96.002	6269.56	1269.56
Apr-22	96.00	5000	52.08	96.002	5000.00	0.00
May-18	48.05	5000	104.06	96.002	9989.80	4989.80
May-19	50.13	5000	99.75	96.002	9575.88	4575.88
May-20	44.15	5000	113.26	96.002	10873.49	5873.49
May-21	79.46	5000	62.92	96.002	6040.90	1040.90

Jun-18	47.03	5000	106.31	96.002	10206.03	5206.03
Jun-19	52.87	5000	94.57	96.002	9078.55	4078.55
Jun-20	48.37	5000	103.36	96.002	9922.89	4922.89
Jun-21	84.67	5000	59.05	96.002	5669.05	669.05
Jul-18	47.34	5000	105.63	96.002	10140.49	5140.49
Jul-19	50.86	5000	98.31	96.002	9437.50	4437.50
Jul-20	52.09	5000	95.98	96.002	9214.48	4214.48
Jul-21	87.77	5000	56.97	96.002	5469.14	469.14
Aug-18	50.12	5000	99.76	96.002	9577.02	4577.02
Aug-19	50.11	5000	99.78	96.002	9579.13	4579.13
Aug-20	54.51	5000	91.73	96.002	8806.39	3806.39
Aug-21	91.38	5000	54.72	96.002	5252.96	252.96
Sep-18	47.94	5000	104.30	96.002	10013.14	5013.14
Sep-19	50.39	5000	99.22	96.002	9525.71	4525.71
Sep-20	55.30	5000	90.41	96.002	8679.64	3679.64
Sep-21	95.63	5000	52.29	96.002	5019.50	19.50
Oct-18	45.34	5000	110.27	96.002	10586.43	5586.43
Oct-19	51.48	5000	97.12	96.002	9323.84	4323.84
Oct-20	58.39	5000	85.63	96.002	8220.90	3220.90
Oct-21	97.34	5000	51.37	96.002	4931.17	-68.83
Nov-18	47.92	5000	104.33	96.002	10016.28	5016.28
Nov-19	55.69	5000	89.78	96.002	8618.86	3618.86
Nov-20	60.05	5000	83.27	96.002	7993.77	2993.77
Nov-21	95.40	5000	52.41	96.002	5031.71	31.71
Dec-18	47.72	5000	104.78	96.002	10059.52	5059.52
Dec-19	55.82	5000	89.58	96.002	8599.56	3599.56
Dec-20	67.04	5000	74.58	96.002	7159.63	2159.63
Dec-21	93.89	5000	53.25	96.002	5112.36	112.36
Total		**245000**			**404648.15**	**159648.15**

Systematic Investment Plan – Building wealth

Regular investing for long periods of time delivers healthy returns

An Illustration:

Monthly Savings - What your savings may generate				
Savings per Month (Rs.)	Total Amount Invested	Assumed Rate of Return (per annum)		
(For 15 Years)	(Rs. In Lacs)	6%	8%	10%
		(Rupees in Lacs, 15 Years later)		
5,000	9	14.6	17.4	20.9
4,000	7.2	11.7	13.9	16.7
3,000	5.4	8.8	10.4	12.5
2,000	3.6	5.8	7	8.3
1,000	1.8	2.9	3.5	4.2

Comparing SIP with any other method of investing.

SIP	Other Methods of Investing
Uncomplicated and largely automatic	Good amount of research and market tracking required
Small amounts of funds required	Lump Sum funds required
No need to time the market	Make your best attempt to time the Market
Averages out cost per unit	Cost per unit depends on your market timing

Comparison between SIP and Lumpsum Investment – Mirae Asset Emerging Blue-chip Fund

DATE	Mirae Asset Emerging Blue-chip Fund	AMOUNT	UNIT	CURRENT NAV	CURRENT VALUE	PROFIT/LOSS
Jan-19	48.36	5000	103.38	96.002	9925.15	4925.15
Jan-20	57.12	5000	87.54	96.002	8403.98	3403.98
Jan-21	71.04	5000	70.38	96.002	6756.99	1756.99
Jan-22	96.40	5000	51.87	96.002	4979.41	-20.59
Feb-19	47.81	5000	104.58	96.002	10039.95	5039.95
Feb-20	55.78	5000	89.63	96.002	8604.95	3604.95
Feb-21	73.91	5000	67.65	96.002	6494.78	1494.78
Feb-22	88.85	5000	56.27	96.002	5402.48	402.48
Mar-19	49.63	5000	100.76	96.002	9672.75	4672.75
Mar-20	37.65	5000	132.81	96.002	12749.95	7749.95
Mar-21	76.27	5000	65.56	96.002	6293.89	1293.89
Mar-22	87.43	5000	57.19	96.002	5489.97	489.97
Apr-18	49.13	5000	101.77	96.002	9769.80	4769.80
Apr-19	52.84	5000	94.62	96.002	9083.87	4083.87
Apr-20	40.05	5000	124.84	96.002	11984.97	6984.97
Apr-21	76.56	5000	65.31	96.002	6269.56	1269.56
Apr-22	96.00	5000	52.08	96.002	5000.00	0.00
May-18	48.05	5000	104.06	96.002	9989.80	4989.80
May-19	50.13	5000	99.75	96.002	9575.88	4575.88
May-20	44.15	5000	113.26	96.002	10873.49	5873.49
May-21	79.46	5000	62.92	96.002	6040.90	1040.90
Jun-18	47.03	5000	106.31	96.002	10206.03	5206.03
Jun-19	52.87	5000	94.57	96.002	9078.55	4078.55
Jun-20	48.37	5000	103.36	96.002	9922.89	4922.89
Jun-21	84.67	5000	59.05	96.002	5669.05	669.05

Jul-18	47.34	5000	105.63	96.002	10140.49	5140.49
Jul-19	50.86	5000	98.31	96.002	9437.50	4437.50
Jul-20	52.09	5000	95.98	96.002	9214.48	4214.48
Jul-21	87.77	5000	56.97	96.002	5469.14	469.14
Aug-18	50.12	5000	99.76	96.002	9577.02	4577.02
Aug-19	50.11	5000	99.78	96.002	9579.13	4579.13
Aug-20	54.51	5000	91.73	96.002	8806.39	3806.39
Aug-21	91.38	5000	54.72	96.002	5252.96	252.96
Sep-18	47.94	5000	104.30	96.002	10013.14	5013.14
Sep-19	50.39	5000	99.22	96.002	9525.71	4525.71
Sep-20	55.30	5000	90.41	96.002	8679.64	3679.64
Sep-21	95.63	5000	52.29	96.002	5019.50	19.50
Oct-18	45.34	5000	110.27	96.002	10586.43	5586.43
Oct-19	51.48	5000	97.12	96.002	9323.84	4323.84
Oct-20	58.39	5000	85.63	96.002	8220.90	3220.90
Oct-21	97.34	5000	51.37	96.002	4931.17	-68.83
Nov-18	47.92	5000	104.33	96.002	10016.28	5016.28
Nov-19	55.69	5000	89.78	96.002	8618.86	3618.86
Nov-20	60.05	5000	83.27	96.002	7993.77	2993.77
Nov-21	95.40	5000	52.41	96.002	5031.71	31.71
Dec-18	47.72	5000	104.78	96.002	10059.52	5059.52
Dec-19	55.82	5000	89.58	96.002	8599.56	3599.56
Dec-20	67.04	5000	74.58	96.002	7159.63	2159.63
Dec-21	93.89	5000	53.25	96.002	5112.36	112.36
Total		**245000**			**404648.15**	**159648.15**

Mirae Asset – Emerging Bluechip – Lumpsum Investment Method

Scheme Name	Investment Date	Purchase NAV	Amount Investing	Units	NAV as on April 22	Current Value	% Growth
Mirae Asset Emerging Bluechip Fund - Regular Plan - Growth Option	Jan-19	48.36	1,00,000	2067.825	76.57	158333.3	58.33%

SIP and Lumpsum are the two techniques to invest in mutual funds. Any investor can choose one out of them and can invest their money into mutual funds. Systematic Investment Plan is very helpful to salaried and middle-class men. They can invest their saving into SIP and can collect huge funds for future.
SIP is paid in monthly or quarterly as per the scheme. But Lumpsum is paid only one time and the whole transaction is based on this investment. Opting SIP, an investor can invest their saving into it and can save his money doing that. SIP is good because if it seems that market will go down in a few days, the investor can safely withdraw his money.

Why SIP?

The Systematic Investment Plan is a unique plan that allows you to fulfil all your dreams efficiently. With salient benefits and features, the SIP becomes a wise choice for investments. An investor can make regular investments and follow a disciplined approach towards investing in MF schemes. He can also peruse the Systematic Investment Plan according to pre-opted schedules. Systematic Investment Planning (SIP) SIP is similar to a Recurring Deposit. Every month on a specified date an amount you choose is invested in a mutual fund scheme of your choice. The dates currently available for SIPs are the 5th, 10th, 15th, 20th and the 25th of a month.

SIP helps to:

- **Build your future:** To meet the more exhaustive expenses of your life like marriages, education or a house, you need to start investing early. Save a small amount every month/quarter with SIP and look forward to a bright future.

- **Relax and accumulate wealth:** With SIP, you don't need to invest a huge sum of money i.e., you can start with an amount as little as Rs. 500. Gradually, you can accumulate wealth over the long-term.

- **Reduce risks:** For efficient participation in this volatile market, SIP helps you average out your cost by generating superior returns in the long run. It reduces the risk associated with lump sum investments.

- **Enjoy the convenience:** Set yourself free from cumbersome paperwork. Just identify the amount and scheme that you wish to invest in and then choose from options like Auto Debit/ECS. The amount will automatically get debited on a date of your choice. You can also give monthly/quarterly post-dated cheques for the amount you wish to invest.

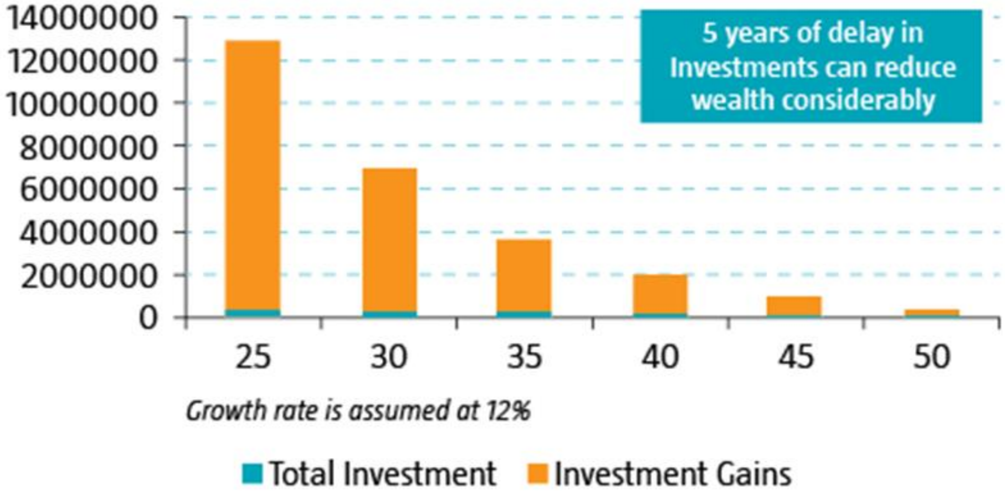
- **Build your investment at regular intervals:** With SIP, you can invest a pre-determined amount of money in chosen schemes at the applicable NAV based Sale Price on each transaction date. Each transaction will fetch you additional units that will be added to your investment accounts.

Approach: It is important to remember that an early investor builds more than the one who comes in later. The simple reasoning being; the accumulated investment increases with fresh capital which is invested at periodic intervals.

Steps:

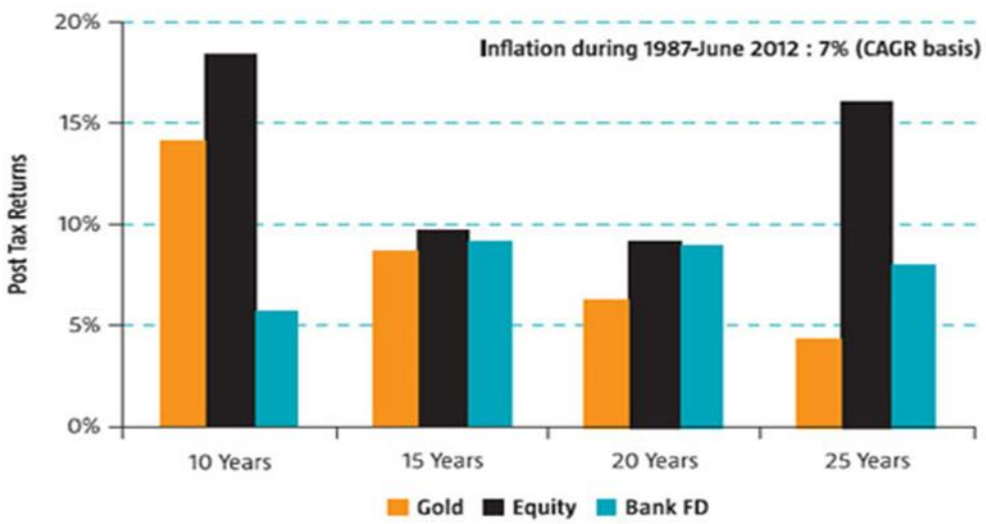
1. **Start Early – be the first to take the first step**
   Consider the following scenarios where different investors start investments at different age levels and invest Rs 2000 per month till the age of 60 years. The person who started investing at the age of 25 years stands benefitted more as he

has started early and can benefit from power of compounding. Even a higher investment amount may not compensate for the growth potential of starting early.



2. **Invest in the Right asset class – Risk return balance to optimize growth**

   Inflation for the past 18 years has been on an average at 7.80% on CAGR basis; an investor should always look at an asset class which has the potential to generate positive inflation adjusted returns. Historically on analysis for the past 25 years, equity as an asset class has the potential to beat inflation and generate positive post tax and inflation adjusted returns. (Refer to the chart below)



Long Term Taxation Methodology: Equity – Nil, Debt (Bank FD) – 30.90% & Gold – 20.60%. Please consult your tax advisor for more details. Source for above data - Bloomberg

3. **Investing with a plan – Consistent and continuous investment**

   Systematic Investment Plans (SIPs) in mutual funds has long been considered one of the better ways for the common man to invest in Mutual Funds.

   Fees: -A number of mutual funds do not charge an entry load for an SIP. If not exited (selling the units) within a year of buying the units, they may not charge an exit load. However, if units are sold within a year, there may be an exit load. Different fees charged by different MF companies.

   Benefits of Systematic Investment Plans

   - Disciplined Saving - Discipline is the key to successful investments. When you invest through SIP, you commit yourself to save regularly. Every investment is a step towards attaining your financial objectives.
   - Flexibility - While it is advisable to continue SIP investments with a long-term perspective, there is no compulsion. Investors can discontinue the plan at any time. One can also increase/ decrease the amount being invested.
   - Long-Term Gains - Due to rupee-cost averaging and the power of compounding SIPs have the potential to deliver attractive returns over a long investment horizon.
   - Convenience - SIP is a hassle-free mode of investment. You can issue a standing instruction to your bank to facilitate auto-debits from your bank account.
   - Reduces risk by spreading investment over a longer period of time at various levels of the market.
   - Reduces cost of investment in fluctuating markets.

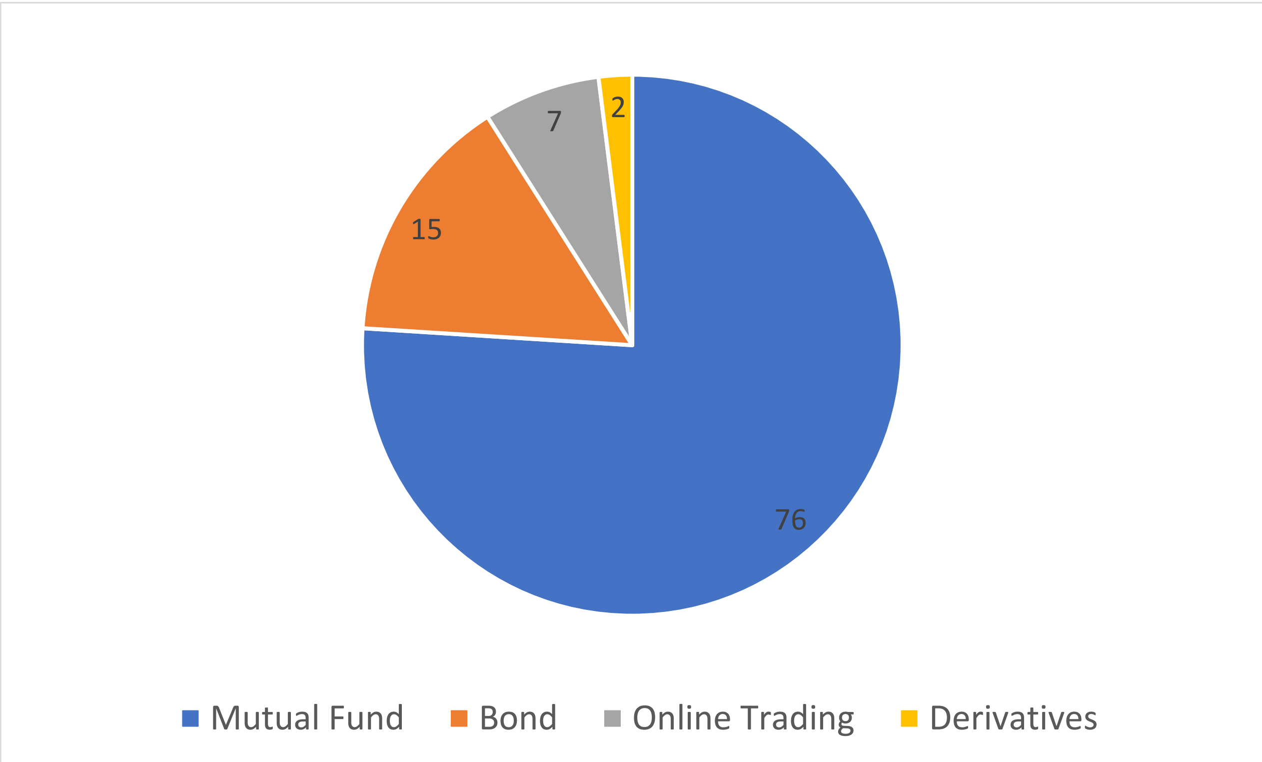
SIPs have proved to be an ideal mode of investment for retail investors who do not have the resources to pursue active investments.

Primary Research

Q.1: In which Financial Instrument do you invest into?

Ans:

Financial Instruments	Investment in %
Mutual	76
Bond	15
Online Trading	07
Derivatives	02

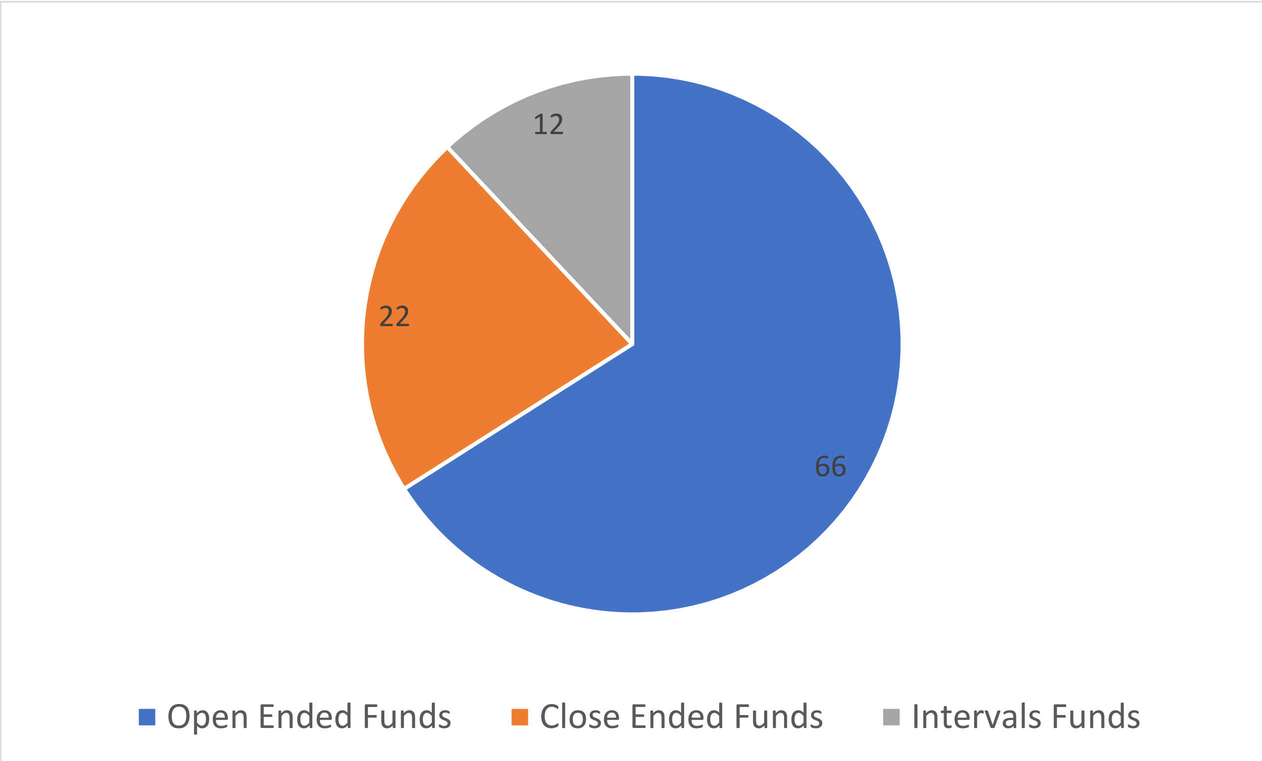


Interpretation: From above pie chart, it has been analysed that 76% of investors invest in the analysis is done on the basis of the response of respondents, which is collected through the questions present in questionnaire.

Q.2: By Structure in which type of Schemes have you invested?

Ans:

Types of Schemes on the Basis of Structure	Investment in %
Open Ended Funds	66
Close Ended Funds	22
Interval Funds	12

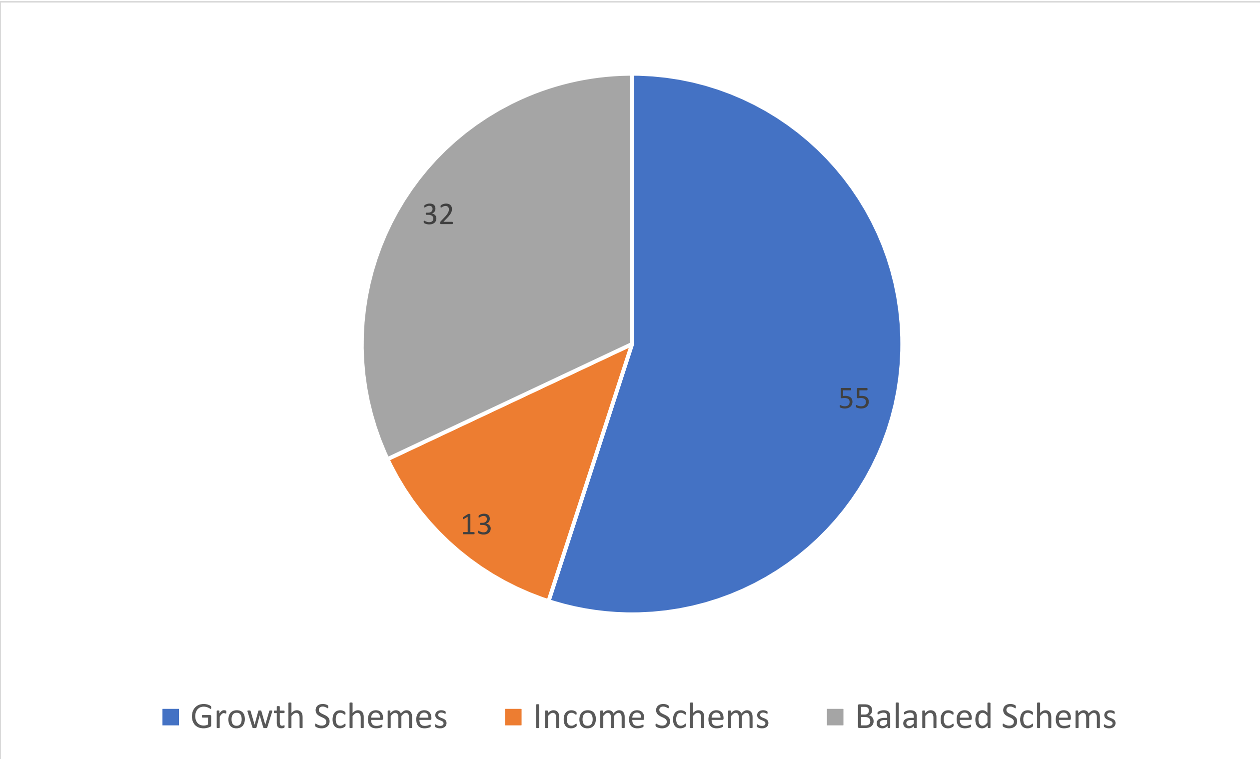


Interpretation: The above pie chart depicts that 66% investors invest in Open-ended funds, 22% in Close-ended funds and 12% in Interval funds.

Q.3: By Investment objective in which type of schemes have you invested?

Ans:

Types of Investment on the basis of objective	Investment in %
Growth Schemes	55
Income Schemes	13
Balanced Schemes	32

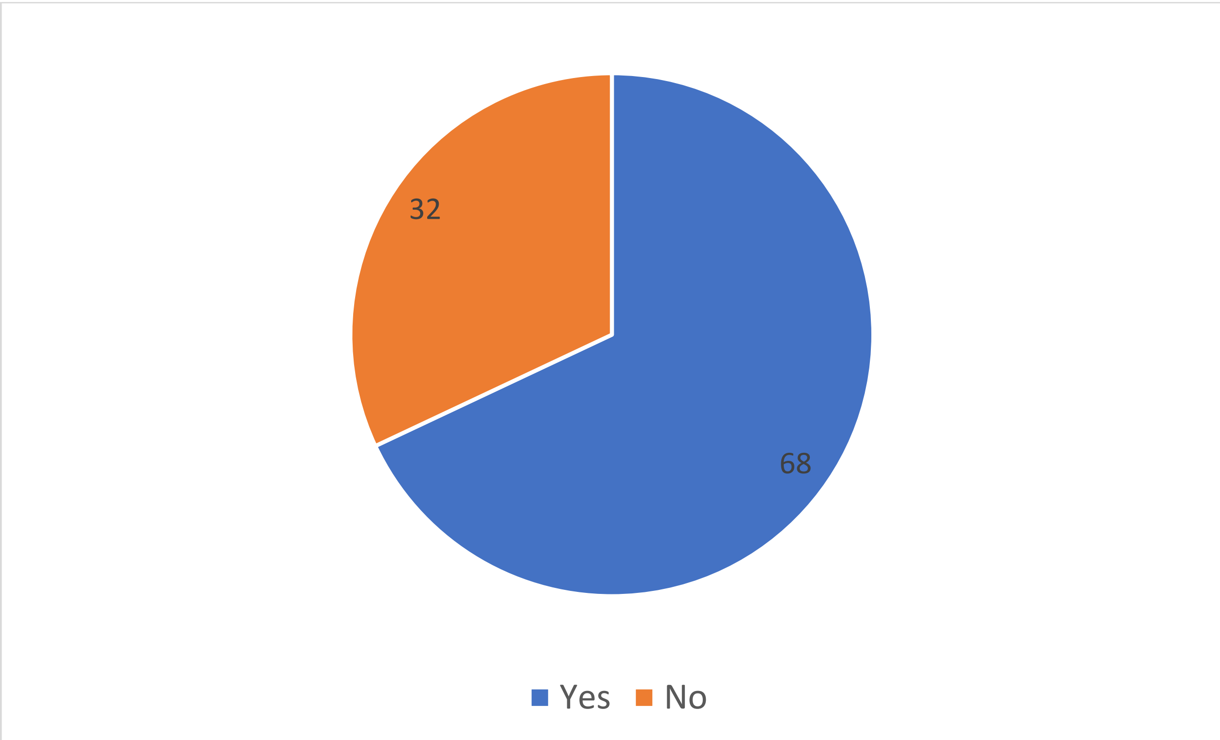


Interpretation: From the above pie chart, I conclude that there are 55 % investors who invest in Growth Schemes, 13% investor invest in Income Schemes, and 32% investors invest in Balanced Funds.

Q.5. Do you repeat your Investment after Initial Investment?

Ans:

Repetition of Investment	Investors in %
Yes	68
No	32

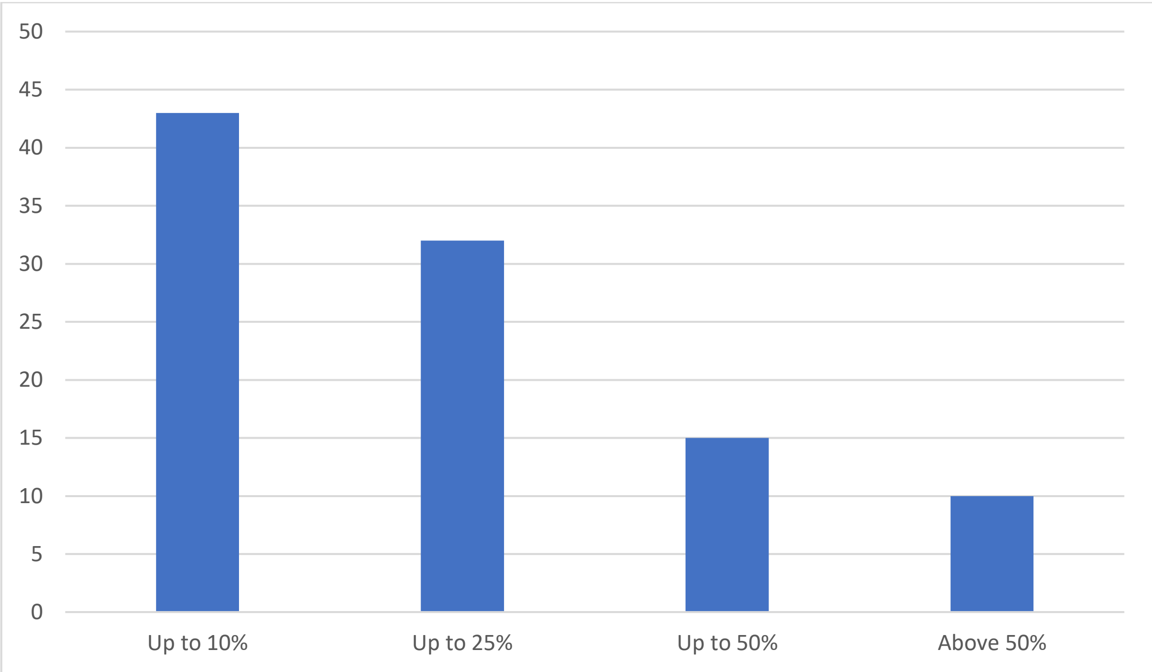


Interpretation: The above pie chart depicts that 68% of investors invest again after the initial investment.

Q.6: What Percentage of you do you invest in Mutual Fund?

Ans:

% Of Earnings	Investor in %
Upto 10%	43
Upto 25%	32
Upto 50%	15
Above 50%	10

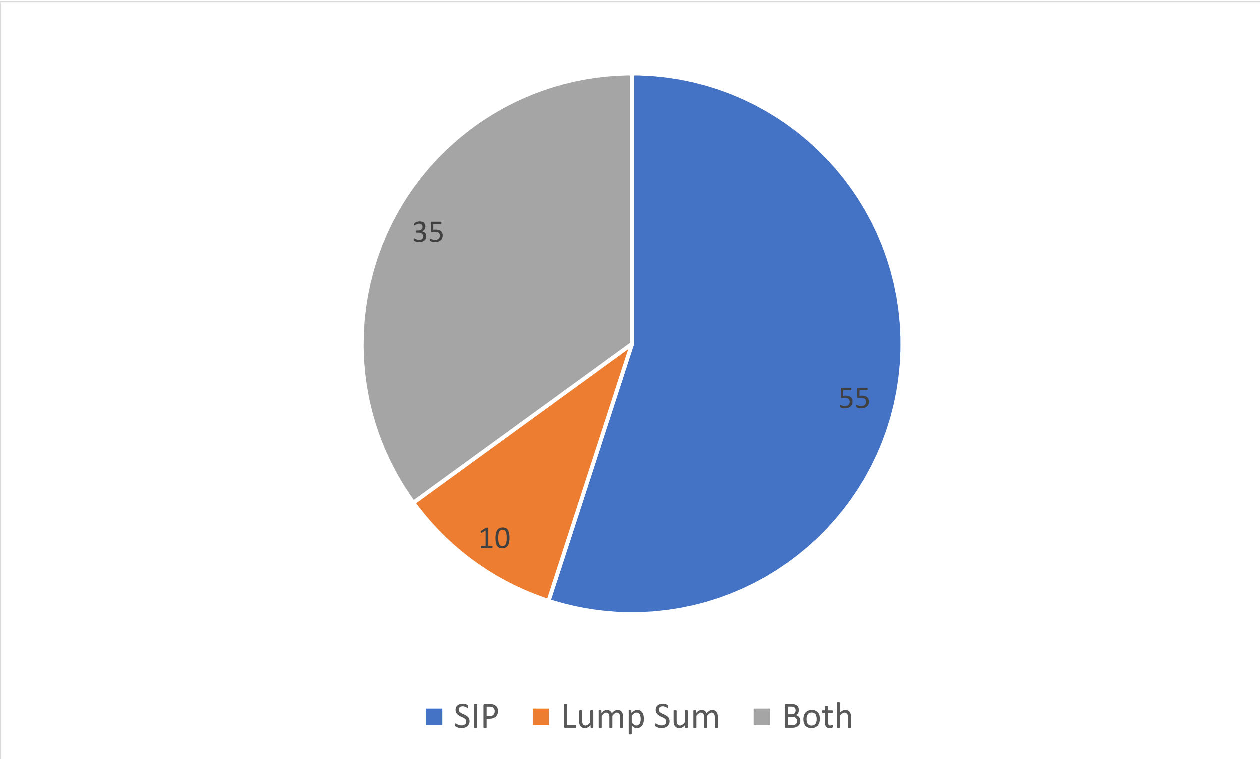


Interpretation: The above chart depicts that 43% investor invest that up to 10% of their earning in Mutual Fund.

Q.7: How many Investors Invested in SIP, Lump Sum or Both?

Ans:

Type of Investment	Investment in %
SIP	55
Lump Sum	10
Both	35

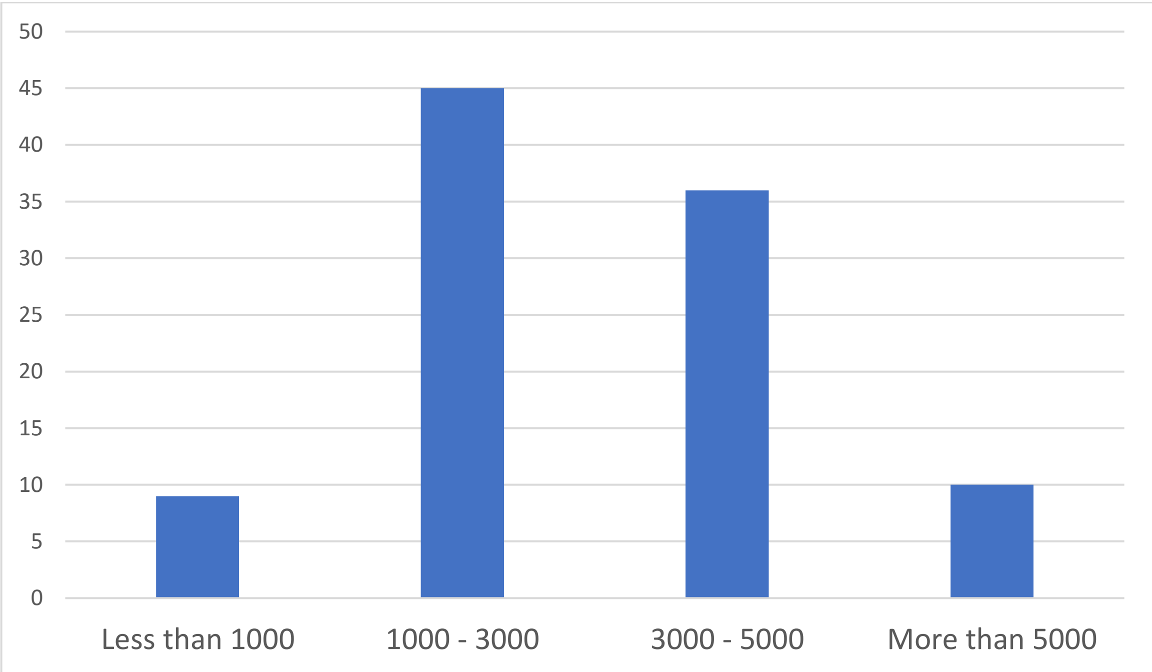


Interpretation: From above chart it has been analysed that 55% investors have invested SIP, 10% in lump sum and 35% in both the category.

Q.8: What is an allocation of an Investor in SIP?

Ans:

Allocation Criteria (In Rs)	Investment in %
Less than 1000	9
1000 – 3000	45
3000 – 5000	36
More than 5000	10

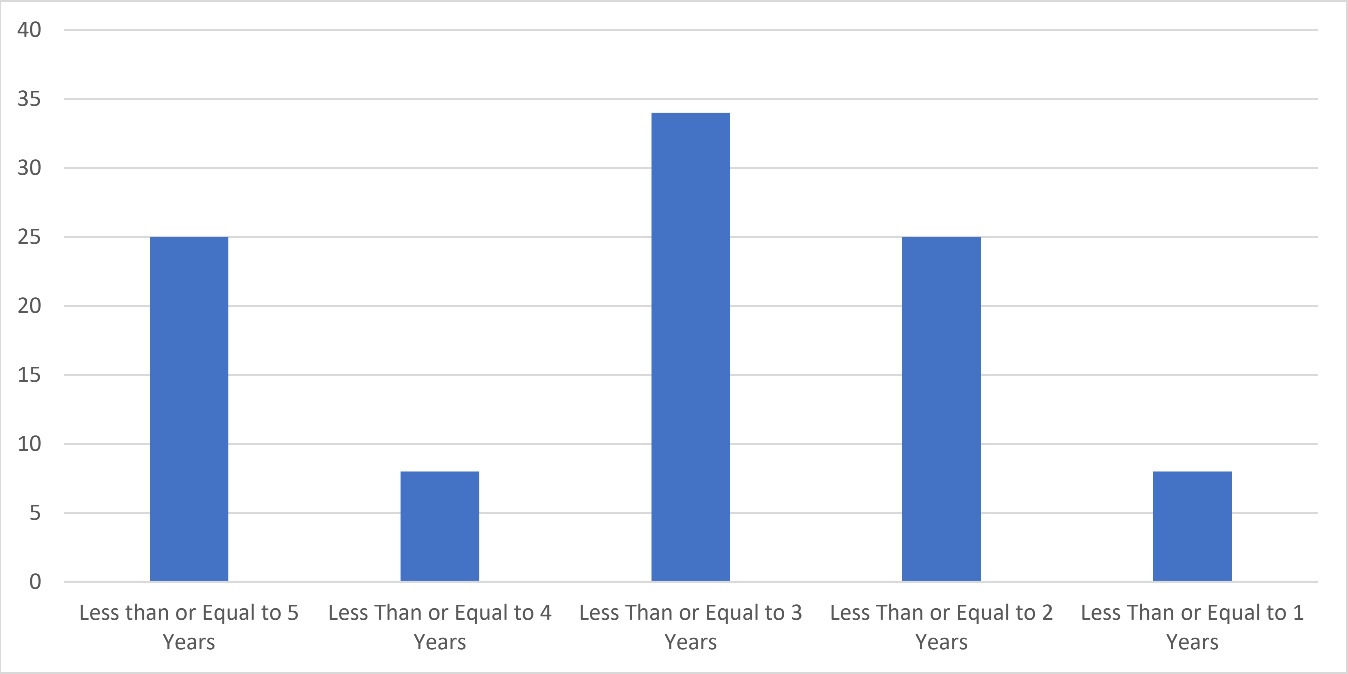


Interpretation: From above chart it has been analysed that the allocation criteria of investment is 45% in the range Rs1000 to Rs 3000.

Q.9: What is the Time Duration of Investment?

Ans:

Time Duration	Investment in %
Less than or Equal to 5 Years	25
Less Than or Equal to 4 Years	8
Less Than or Equal to 3 Years	34
Less Than or Equal to 2 Years	25
Less Than or Equal to 1 Years	8

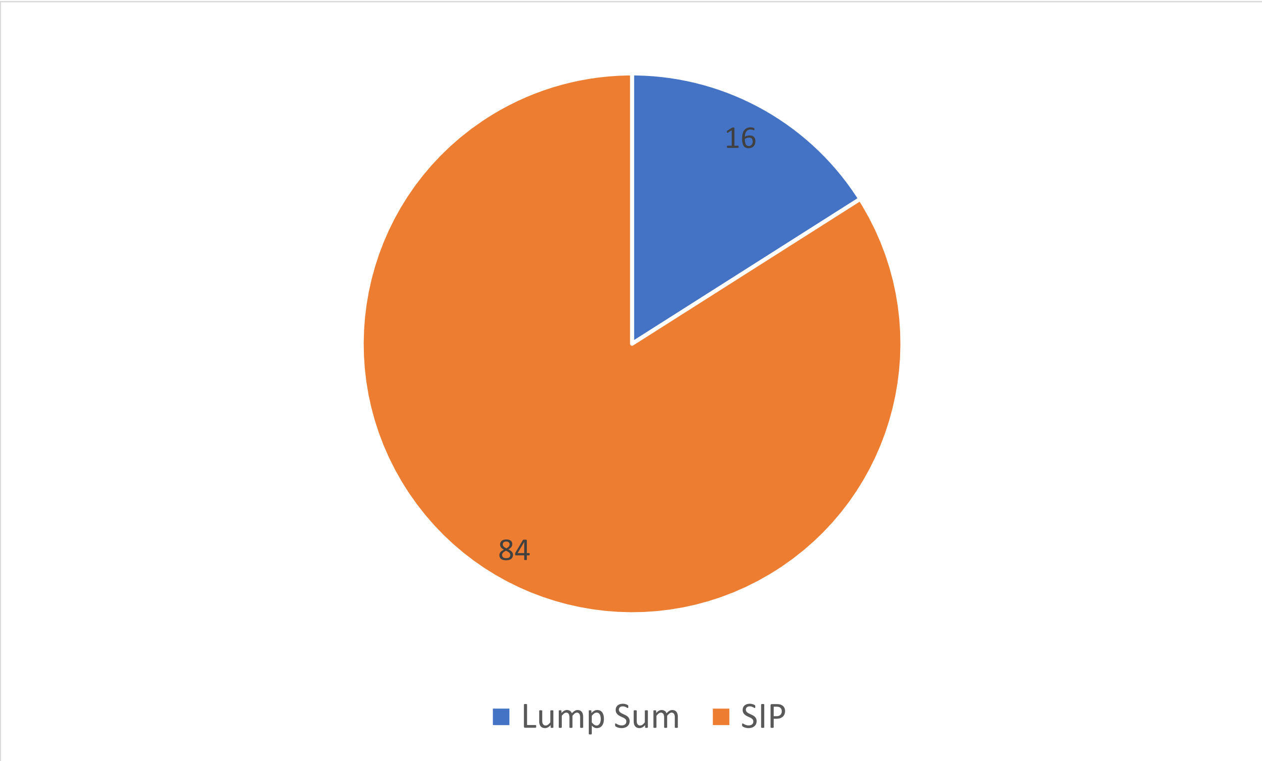


Interpretation: The above bar chart depicts that most of the investors (i.e., 33.33%) invest in less than 3 years.

Q. 10: Which has given more profit to investors?

Ans:

Investment in	Profit in %
Lump Sum	16
SIP	84



Interpretation: The above Pie chart depicts that 84% of investors have got more profit in Systematic Investment Plan.

FINDINGS

By the study and analysis of SIP we can conclude that investing by SIP investment is better than Lump sum investment as it is a more disciplined method and you don’t have to time the market for the best NAV.

You don’t have to spend a lot all at once. SIP is better than Lumpsum in the long run as you tend to gain more profits since the NAV changes every time you invest.

CONCLUSION

- Systematic Investment Plan lets the investors to invest a fixed amount of money in a Mutual Fund Scheme and reduces the risk of investing in Lumpsum all at once.

- You don’t need to time the market, since you invest in the NAV of that particular day. SIP is more feasible to low salaried and middle-class men. It helps to save regularly. Thus, SIP is considered as a wise choice when compared to Lumpsum investment since you don’t have to invest a huge sum of money all at once and can help you generate superior returns in a long run.

- By the study and analysis of SIP we can conclude that investing by SIP investment is better than Lump sum investment as it is a more disciplined method and you don’t have to time the market for the best NAV.
  You don’t have to spend a lot all at once. SIP is better than Lumpsum in the long run as you tend to gain more profits since the NAV changes every time you invest.

- Mutual funds have given a new direction to the flow of personal saving and enable small and medium investors in remote rural and semi urban areas to reap the benefits of the stock market investments. Indian mutual funds are thus playing a very important role in allocation of scarce resources in the emerging economy.

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