A

PROJECT REPORT

ON

"A Study of Mutual Fund as an Investment Avenue"

UNDERTAKEN AT

A P FINANCE GROUP

IN PARTIAL FULFILMENT OF

POST GRADUATE DIPLOMA IN BUSINESS ANALYTICS

MIT SCHOOL OF DISTANCE EDUCATION, PUNE.

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MIT SCHOOL OF DISTANCE EDUCATION

PUNE - 411 038

YEAR 2022-23

EXEMPT CERTIFICATE

To

The Director

MIT School of Distance Education,

Respected Sir,

This is to request you to kindly exempt me from submitting the certificate from my organisation for Project Work due to the reason mentioned below:

Tick the right option

- ✓ As per the Rules of the Organisation

2. Self Employed

3. Working in Public Sector

4. Full time Student

Thanking you in anticipation of your approval to my request.

Regards

Student Name

ANJALI AHUJA

Registration Number

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(Signature)

DECLARATION

I hereby declare that this project report entitled "STUDY ON MUTUAL FUND AS AN INVESTMENT AVENUE " is a bonafide record of the project work carried out by me during the academic year 2022-2023, in fulfilment of the requirements for the award of POST GRADUATE DIPLOMA IN BUSINESS ANALYTICS (PGDBA) of MIT School of Distance Education.

This work has not been undertaken or submitted elsewhere in connection with any other academic course.

(ANJALI AHUJA)

Student ID: MIT202100118

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere thanks and gratitude to (MR. ATHARV PARMAR) of (A P FINANCE GROUP) for giving me an opportunity to do my project work in your esteemed organization and it has indeed been a great learning and enjoyable experience.

I would like to express my deep sense of gratitude and profound thanks to all staff members of (A P FINANCE GROUP) for their kind support and cooperation which helped me in gaining lots of knowledge and experience to do my project work successfully.

At last but not least, I am thankful to my Family and Friends for their moral support, endurance and encouragement during the course of the project.

(ANJALI AHUJA and Signature)

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ABSTRACT

A mutual fund is a scheme in which several people invest their money for a common financial cause. The collected money invests in the capital market and the money, which they earned, is divided based on the number of units, which they hold.

The mutual fund industry started in India in a small way with the UTI Act creating what was effectively a small savings division within the RBI. Over a period of 25 years this grew fairly successfully and gave investors a good return, and therefore in 1989, as the next logical step, public sector banks and financial institutions were allowed to float mutual funds and their success emboldened the government to allow the private sector to foray into this area.

The advantages of mutual fund are professional management, diversification, economies of scale, simplicity, and liquidity.

The disadvantages of mutual fund are high costs, over-diversification, possible tax consequences, and the inability of management to guarantee a superior return.

Mutual funds are easy to buy and sell. You can either buy them directly from the fund company or through a third party. Before investing in any funds one should consider some factor like objective, risk, fund Manager's and scheme track record, Cost factor etc.

There are many, many types of mutual funds. You can classify funds based structure (open-ended & close-ended), Nature (equity, debt, balanced), Investment objective (growth, income, money market) etc.

A code of conduct and registration structure for mutual fund intermediaries, which were subsequently mandated by SEBI. In addition, this year AMFI was involved in a number of developments and enhancements to the regulatory framework.

The most important trend in the mutual fund industry is the aggressive expansion of the foreign owned mutual fund companies and the decline of the companies floated by nationalised banks and smaller private sector players.

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Chapter-1

‘A P FINANCE GROUP ’

CORPORATE INTRODUCTION:

“YOUR SUCCESS, OUR PRIORITY”

The philosophy of A P Group has played a pivotal role in propelling its success in the arena of financial services under the name and style of watchdog, which was set up in the year 2005.

With its true vision, Watchdog had grown at a steady space and presently it is been known as A P FINANCE GROUP. The present company carries out exclusively all the investment all the investment related business. Today, it offers a diverse spectrum of integrated financial services to its customers.

The A P Group provides a wide range of financial services. With A P Group, you gain exclusively access to high-potential investment opportunities that align with your financial goals.

A P Finance Group is committed to your success. They prioritise transparency, integrity, and delivering exceptional results. A P Group is in continuous investment journey to new heights.

Chapter-2

ORGANIZATIONAL PROFILE

2.1 MEMBERS OF COMPANY

- **Mr . Atharva Parmar** is the president of the company. He is also a financial consultant by profession for fifteen years. He has over a decade of experience in stock broking, fee based business, debt market, loan syndication auto and two-wheeler financing and company affairs. During his fifteen years of experience he has served many corporate companies in managerial positions.

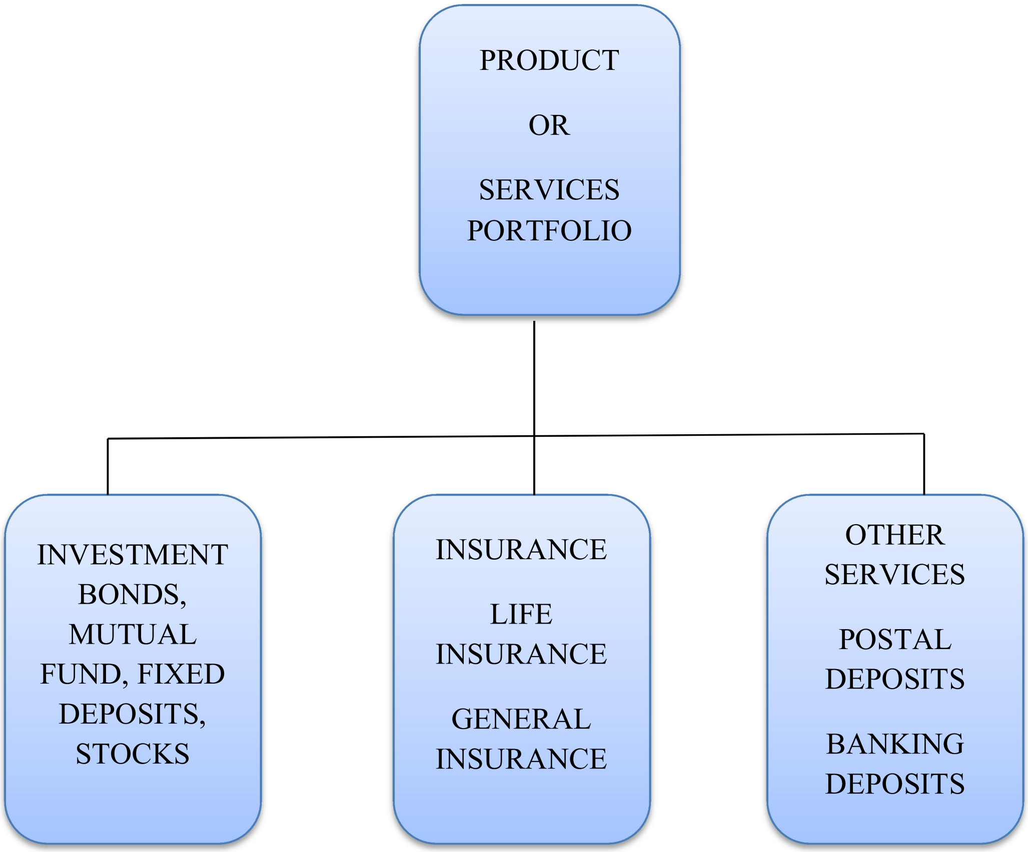
- **Mr . Dhruv Advani** is the advisory of the company "A P FINANCE GROUP". He is a qualified banker and has seventeen years of banking experience . He has over a decade of experience in International and National Banking Business and Financial Management.

- **Ms . Meher Parmar** is the Vice-president of the company. She has around eight years of experience in investment, HRD and in the field of IT Industries.

2.2 COMPETITIVE ANALYSIS

COMPANY	**A P FINANCE GROUP**
CUSTOMER'S	**TRUST, CORPORATE, HNI'S, INDIVIDUAL**
COMPETITOR'S	**R D FINANCIAL SERVICES, NARAYANI FINANCIAL SERVICES, BAJAJ CAPITAL, SKP SECURITIES**
INDUSTRY	**STOCKS & SHARES, MUTUAL FUND, BONDS, INSURANCE, FIXED DEPOSITS, AUTOLOAN.**

2.3 PRODUCT OR SERVICE PORTFOLIO



CHAPTER 3

OBJECTIVES AND SCOPE

3.1 OBJECTIVES OF MUTUAL FUNDS:

- To give a brief idea about the benefits available from Mutual Fund investment.
- To give an idea of the types of schemes available.
- To discuss about the market trends of Mutual Fund investment.
- To study some of the mutual fund schemes.
- To study Mutual fund distribution channels.
- To study Marketing strategies of Mutual funds.
- Explore the recent developments in the mutual funds in India.
- To give an idea about the regulations of mutual funds.

3.2 SCOPE OF MUTUAL FUNDS

The scope has grown enormously over the years. In the first age of mutual funds, when the investment management companies started to offer mutual funds, choices were few. Even though people invested their money in mutual funds as these funds offered them diversified investment option for the first time. By investing in these funds they were able to diversify their investment in common stocks, preferred stocks, bonds and other financial securities. At the same time they also enjoyed the advantage of liquidity. With Mutual Funds, they got the scope of easy access to their invested funds on requirement.

But, in todays world, Scope of Mutual Funds has become so wide, that people sometimes take long time to decide the mutual fund type, they are going to invest in. Several Investment

Management Companies have emerged over the years who offer various types of Mutual Funds, each type carrying unique characteristics and different beneficial features.

CHAPTER 4

INTRODUCTION OF MUTUAL FUND

4.1 INTRODUCTION

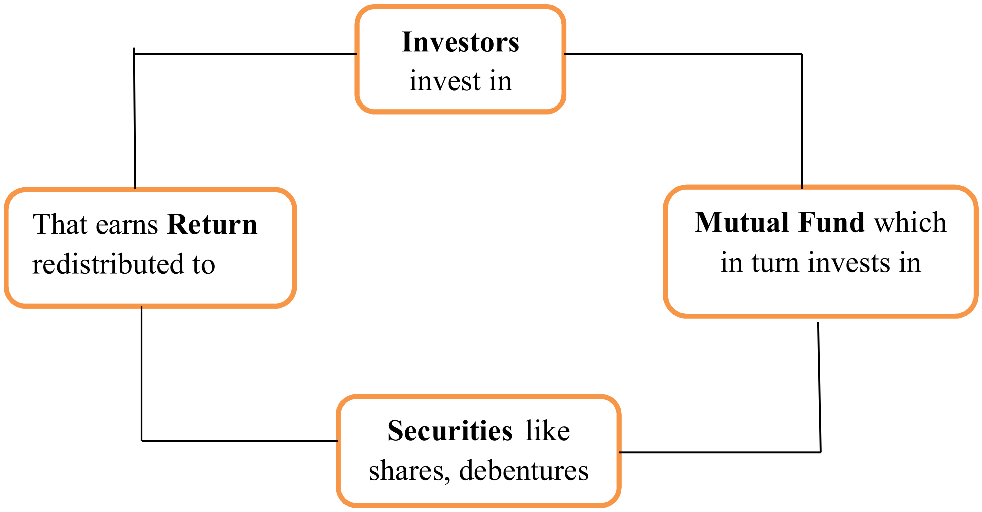
The first introduction of a mutual fund in India occurred in 1963, when the government launched Unit Trust of India (UTI). Until 1987, UTI enjoyed a monopoly in the Indian mutual fund market. Then a host of other government-controlled Indian financial companies came up with their own funds. These included State Bank of India, Punjab National Bank and Canara Bank. This market was made open to private players in 1993, as a result of the historic constitutional amendments brought forward by then Congress-led government under the existing regime of Liberalization, Privatization and Globalization (LPG). The first private sector fund to operate in India was Kothari Pioneer, which later merged with Franklin Templeton.

4.2 CONCEPT OF MUTUAL FUND

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

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

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



4.3 DEFINITION

"*Mutual funds are collective savings and investment vehicles where savings of small (or sometimes big) investors are pooled together to invest for their mutual benefit and returns distributed proportionately".*

"A mutual fund is an ***investment*** *that pools your money with the money of an unlimited number of other investors. In return, you and the other investors each own shares of the fund. The funds assets are invested according to an investment objective into the funds portfolio of investments. Aggressive growth funds seek long-term capital growth by investing primarily in stocks of fast-growing smaller companies or market segments. Aggressive growth funds are also called* ***capital appreciation funds****".*

Chapter 5

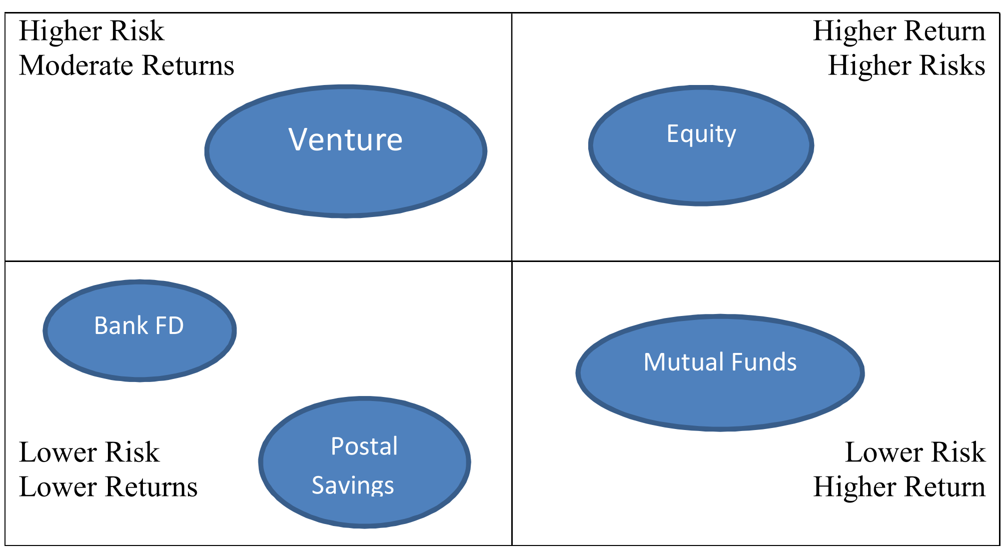
5.1 Why Select Mutual Fund?

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

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

This is because the money that is pooled in are not invested only in debts funds which are less risky but are also invested in the stock markets which involves a higher risk but can expect higher returns. Hedge fund involves a very high risk since it is mostly traded in the derivatives market which is considered very volatile.

5.2 Return Risk Matrix:



5.3 HISTORY OF MUTUAL FUNDS IN INDIA

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

First Phase : 1964 – 1987

Unit Trust of India (UTI) was established on 1963 by an Act of Parliament. It was set up by the Reserve Bank of India and functioned under the Regulatory and administrative control of the Reserve Bank of India. 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. The first scheme launched by UTI was Unit Scheme 1964. At the end of 1988 UTI had Rs.6,700 crores of assets under management.

Second Phase : 1987 – 1993 (ENTRY OF PUBLIC SECTOR FUNDS)

1987 marked the entry of non- UTI, 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 Canbank Mutual Fund (Dec 87), Punjab National Bank Mutual Fund (Aug 89), Indian Bank Mutual Fund (Nov 89), Bank of India (Jun 90), Bank of Baroda Mutual Fund (Oct 92). 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 mutual fund industry had assets under management of Rs.47,004 crores.

Third Phase : 1993 – 1996 (ENTRY OF PRIVATE SECTOR FUNDS)

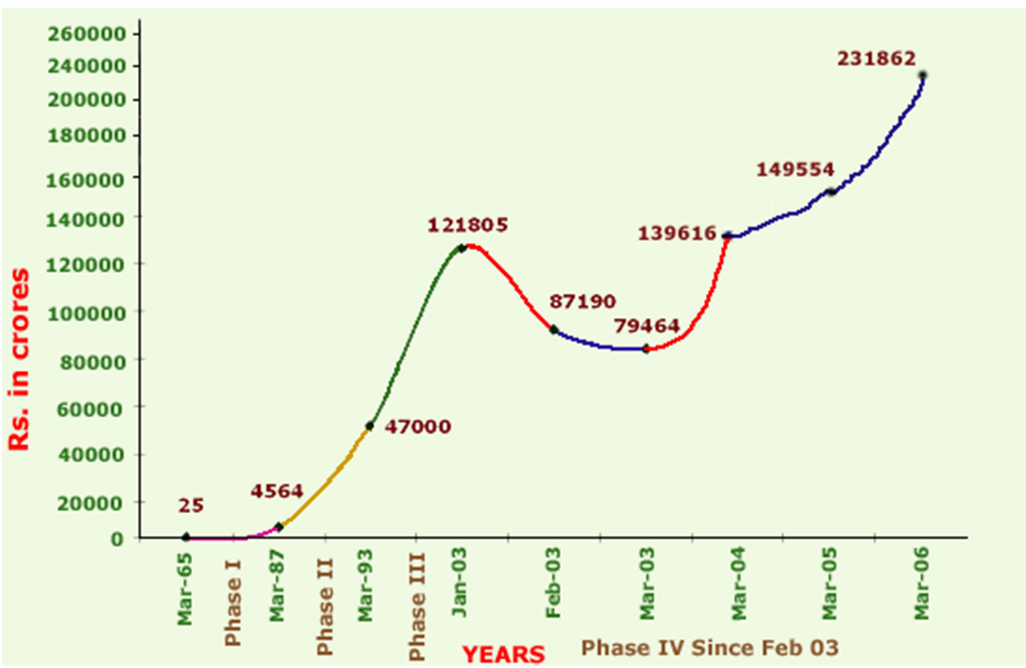
With the entry of private sector funds in 1993, a new era started in the Indian mutual fund industry, giving the Indian investors a wider choice of fund families. Also, 1993 was the year in which the first Mutual Fund Regulations came into being, under which all mutual funds, except UTI were to be registered and governed. The erstwhile Kothari Pioneer (now merged with Franklin Templeton) was the first private sector mutual fund registered in July 1993.
The 1993 SEBI (Mutual Fund) Regulations were substituted by a more comprehensive and revised Mutual Fund Regulations in 1996. The industry now functions under the SEBI (Mutual Fund) Regulations 1996.
The number of mutual fund houses went on increasing, with many foreign mutual funds setting up funds in India and also the industry has witnessed several mergers and acquisitions. As at the end of January 2003, there were 33 mutual funds with total assets of Rs. 1,21,805 crores. The Unit Trust of India with Rs.44,541 crores of assets under management was way ahead of other mutual funds.

Fourth Phase : Since February 2003

In February 2003, following the repeal of the Unit Trust of India Act 1963 UTI was bifurcated into two separate entities. One is the Specified Undertaking of the Unit Trust of India with assets under management of Rs.29,835 crores as at the end of January 2003, representing broadly, the assets of US 64 scheme, assured return and certain other schemes. The Specified Undertaking of Unit Trust of India, functioning under an administrator and under the rules framed by Government of India and does not come under the purview of the Mutual Fund Regulations.

The Graph indicates the growth of assets over the years.

GROWTH IN ASSETS UNDER MANAGEMENT



(Source: https://www.tradewell.in/mutual-fund/mutual-fund-history)

CHAPTER 6

ADVANTAGES & DISADVANTAGES

6.1 ADVANTAGES OF MUTUAL FUNDS

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. New 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, 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, 2002, will be taxed at a concessional rate of 10.5%.

In case of Individuals and Hindu Undivided Families a deduction upto 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 manager1s investment strategy and outlook.

6.2 DISADVANTAGES OF INVESTING THROUGH MUTUAL FUNDS:

1. **No Control Over Costs:**

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

2. **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. In 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 fund1s top holdings still doesn1t make much of a difference in a mutual fund's total performance.

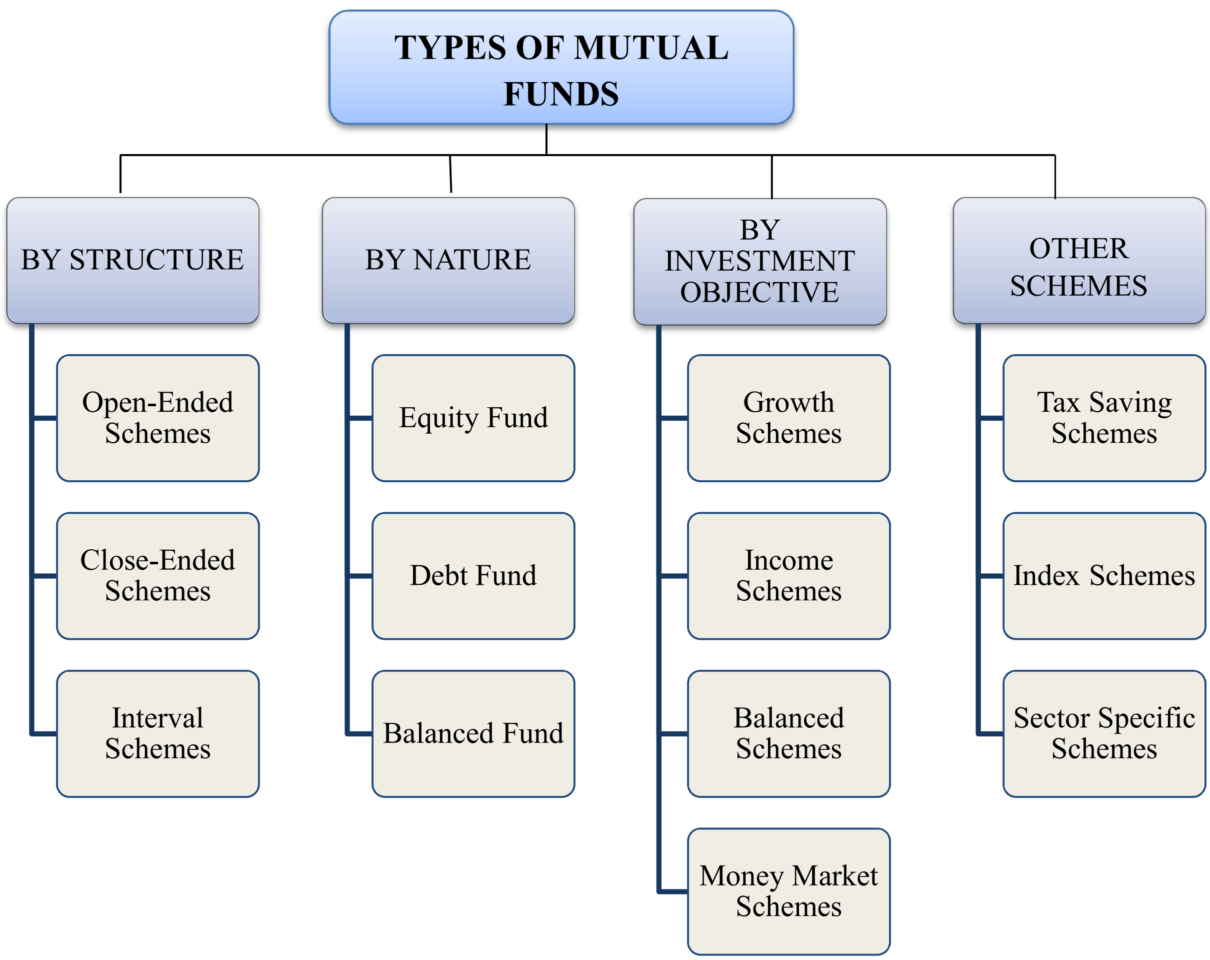
7. **Buried Costs:**

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

CHAPTER 7

TYPES OF MUTUAL FUNDS IN INDIA

Wide variety of Mutual Fund Schemes exists to cater to the needs such as financial position, risk tolerance and return expectations etc. thus mutual funds has variety of flavours , Being a collection of many stocks, an investors can go for picking a mutual fund might be easy. There are over hundreds of mutual funds scheme to choose from. It is easier to think of mutual funds in categories, mentioned below.



A. BY STRUCTURE~

1) Open-Ended Schemes:

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

2) Close-Ended Schemes:

A closed-end fund has a stipulated maturity period which generally ranging from 3 to 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.

B. BY NATURE~

1) Equity Fund:

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

- Diversified Equity Funds
- Mid-Cap Funds
- Sector Specific Funds
- Tax Savings Funds (ELSS)

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

2) Debt Funds:

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

- **Gilt Funds:** 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(STP):** Meant for investment horizon for three to six months.Thesefunds 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 provides 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 invest ment horizon of 1 day 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 funds objective and invest accordingly.

C. BY INVESTMENT OBJECTIVE~

1) Growth Schemes:

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

2) Income Schemes:

Income schemes are also known as debt schemes. The aim of these scheme is to 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 distributinga part of the income and capital gains they earn. These schemes invest in b oth shares and fixed income securities, in the proportion indicated in their offer documents (normally 50:50).

4) Load Funds:

A Load fund is one that charges a commission for entry or exit. That is, each time you buy or sell units in the fund, a commission will be payable. Typically entry and exit loads range from 1% to 2%. It could be worth paying the load, if the fund has a good performance history.

5) No-Load Funds:

A No-Load fund is one that does not charge a commission for entry or exit. That is, no commission is payable on purchase or sale of units in the fund. The advantage of a no load fund is that the entire corpus is put to work.

D. OTHER SCHEMES~

1) Tax Saving Schemes:

Tax-saving schemes offer tax rebates to the investors under tax laws prescribed from time to time. Under tax laws 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 more risky compared to diversified funds. Investors need to keep a watch on the performance of those sectors/industries and must exit at an appropriate time.

NET ASSET VALUE (NAV):

Since each owner is a part owner of a mutual fund, it is necessary to establish the value of his part. In other words, each share or unit that an investor holds needs to be assigned a value. Since the units held by investor evidence the ownership of fund's assets, the value of the total assets of the fund when divided by the total number of units issued by the mutual fund gives us the value of one unit. This is generally called the **Net Asset Value (NAV)** of one unit or one share. The value of an investor's part ownership is the determined y the NAV of the number of units held.

Calculation of NAV:

Let us see an example. If the value of a fund's assets stands at Rs.100 and it has 10 investors who have bought 10 units each, the total numbers of units issued are 100, and the value of one unit is Rs. 10.00 (1000/100). If a single investor in fact owns 3 units, the value of his ownership of the fund will be Rs. 30 (1000/100*3). Note that the value of the fund's investments will keep fluctuating with the market-price movements, causing the Net Asset Value also to fluctuate. For example, if the value of our fund's asset increased from Rs. 1000 to 1200, the value of our investors holding of 3 units will now be (1200/100*3) Rs.36. The investment value can go up or down, depending on the markets value of fund's assets.

CHAPTER 8

SELECTION PARAMETERS FOR MUTUAL FUND

i. **Your objective:**

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

ii. **Your risk capacity and capability:**

This dictates the choice of schemes. Those with no risk tolerance should go for debt schemes, as they are relatively safer. Aggressive investors can go for e4uity investments. Investors that are even more aggressive can try schemes that invest in specific industry or sectors.

iii. **Fund Manager's and scheme track record:**

Since you are giving your hard earned money to someone to manage it, it is imperative that he manages it well. It is also essential that the fund house you choose has e5cellent track record. It also should be professional and maintain high transparency in operations. Look at the performance of the scheme against relevant market benchmarks and its competitors. Look at the performance of a longer period, as it will give you how the scheme fared in different market conditions.

iv. **Cost factor:**

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

Also, Morningstar rates mutual funds. Each year end, many financial publications list the year's best performing mutual funds. Naturally, very eager investors will rush out to purchase shares of last year's top performers. That's a big mistake. Remember, changing market conditions make it rare that last year's top performer repeats that ranking for the current year. Mutual fund investors would be well advised to consider the fund prospectus, the fund manager, and the current market conditions. Never rely on last year's top performers.

Types of Returns on Mutual Fund:

There are three ways, where the total returns provided by mutual funds can be enjoyed by investors:

- Income is earned from dividends on stocks and interest on bonds. A fund pays out nearly all income it receives over the year to fund owners in the form of a distribution.
- If the fund sells securities that have increased in price, the fund has a capital gain. Most funds also pass on these gains to investors in a distribution.

If fund holdings increase in price but are not sold by the fund manager, the fund1s shares increase in price. You can then sell your mutual fund shares for a profit. funds will also usually give you a choice either to receive a check for distributions or to reinvest the earnings and get more shares.

MUTUAL FUNDS DISTRIBUTION CHANNELS

Investors have varied investment objectives and can be classified as aggressive, moderate and conservative, depending on their risk profile. For each of these categories, asset management companies (AMCs) devise different types of fund schemes, and it is important for investors to buy those that match their investment goals.

Funds are bought and sold through distribution channels, which play a significant role in explaining to the investors the various schemes available, their investment style, costs and expenses. There are two types of distribution channels-i)direct and ii) indirect. In case of the former, the investors buy units directly from the fund AMC, whereas indirect channels include the involvement of agents. Let us consider these distribution channels in detail.

i. **Direct channel :**
This is good for investors who do not need the advisory services of agents and are well-versed with the fundamentals of the fund industry. The channel provides the benefit of low cost, which significantly enhances the returns in the long run.

ii. **Indirect channel:**
This channel is widely prevalent in the fund industry. It involves the use of agents, who act as intermediaries between the fund and the investor. These agents are not exclusive for mutual funds and can deal in multiple financial instruments. They have an in-depth knowledge about the functioning of financial instruments and are in a position to act as financial advisers. Here are some of the players in the indirect distribution channels.

a. **Independent financial advisers (IFA):** These are individuals trained by AMC for selling their products. Some IFAs are professionally qualified CFPs (certified financial planners). They help investors in choosing the right fund schemes and assist them in financial planning. IFAs manage their costs through the commissions that they earn by selling funds.

b. **Organized distributors:** They are the backbone of the indirect distribution channel. They have the infrastructure and resources for managing administrative paperwork, purchases and redemptions. These distributors cater to the diverse nature of the investor community and the vast geographic spread of the country by establishing offices in rural and semi urban locations.

c. **Banks:** They use their network to sell mutual funds. Their existing customer base serves as a captive prospective investor base for marketing funds. Banks also handle wealth management for their clients and manage portfolios where mutual funds are one of the asset classes. The players in the indirect channel assist investors in buying and redeeming fund units. They try to understand the risk profile of investors and suggest fund schemes that best suits their objectives. The indirect channel should be preferred over the direct channel when investors want to seek expert advice on the risk-return mix or need help in understanding the features of the financial securities in which the fund invests as well as other important attributes of mutual funds, such as benchmarking and tax treatment.

CHAPTER - 9

MARKETING STRATEGIES FOR MUTUAL FUNDS

❖ BUSINESS ACCOUNTS:

The most common sales and marketing strategies for mutual funds is to sign-up companies as a preferred option for their retirement plans. This provides a simple way to sign-up numerous accounts with one master contract. To market to these firms, sales people target human resource professionals. Marketing occurs through traditional business2to2business marketingtechni4ues including conferences, niche advertising and professional organizations. For business accounts, fund representatives will stress ease of use and compatibility with the company's present systems.

❖ CONSUMER MARKETING:

Consumer marketing of mutual funds is similar to the way other financial products are sold. Marketers emphasize safety, reliability and performance. In addition, they may provide information on their diversity of choices, ease of use and low costs. Marketers try to access all segments of the population. They use broad marketing platforms such as television, newspapers and the internet. Marketers especially focus on financially oriented media such as CNBC television and Business week magazine.

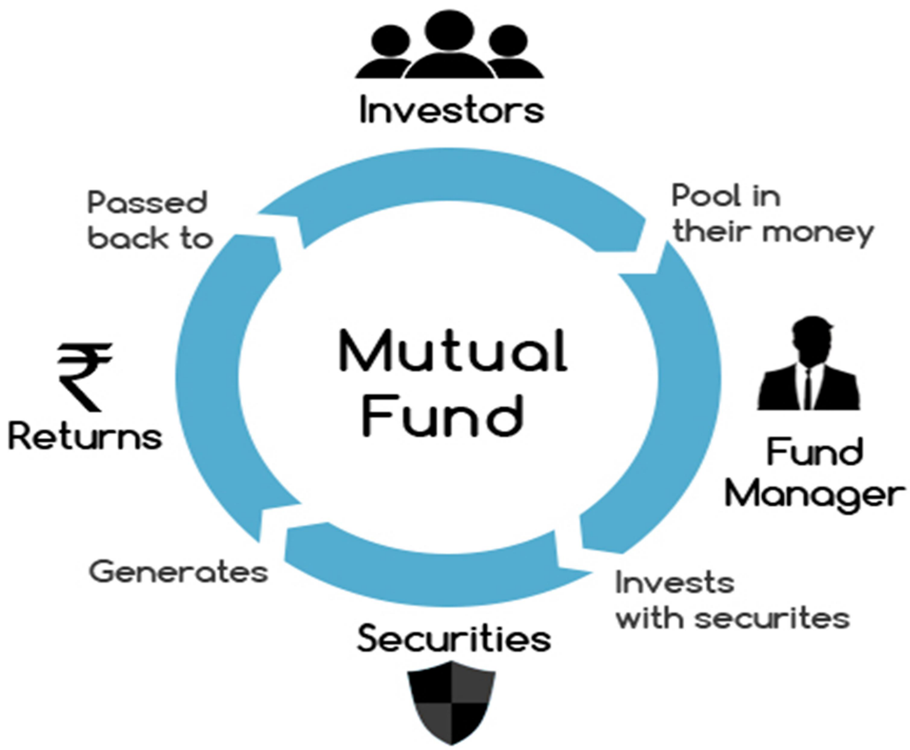
❖ PERFORMANCE:

Mutual funds must be very careful about how they market their performance, as this is heavily regulated. Mutual funds must market their short, medium and long-term average returns to give the prospective investor a good idea of the actual performance. For example, most funds did very well during the housing boom. However, if the bear market that followed is included, performance looks much more average. Funds may also have had different managers with different performance records working on the same funds, making it hard to judge them.

❖ MARKETING FEES:

Mutual funds must be very clear about their fees and report them in all of their marketing materials. The main types of fees include the sales fee (load) and the management fee. The load is an upfront charge that a mutual fund charges as soon as the investment is made. The management fee is a percentage of assets each year, usually 1 to 2 percent .

WORKING OF MUTUAL FUNDS



Source: https://www.fincash.com/l/mutual-funds-india

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

CHAPTER – 10

STRUCTURE OF MUTUAL FUND

The structure of mutual funds in India includes three tiers: sponsors, trustees, and asset management companies (AMCs). They are all primarily involved in setting up the mutual fund and are supported by other market participants such as custodians, transfer agents, depository, banks, unit holders, etc.

What Is The Structure Of Mutual Funds?

A mutual fund's structure is three-tiered, and it starts with the setting up of a trust, which includes a sponsor, trustees, and an AMC. The sponsor(s) of a trust works like a promoter of any company. The trustees who form part of the trust hold the property of the mutual funds for the unit holders with the approval of SEBI (Securities and Exchange Board of India).

Any mutual fund will first start by pooling money from various investors, and this money is then invested in securities as per the pre-specified objectives of the fund. The benefit or return earned on these securities is distributed to each investor after AMC deducts the expenses.

3-Tier Structure Of Mutual Fund

The three-tier structure of a mutual fund includes the sponsor, trustees, and AMC. All the mutual funds are formed as trusts under "The Indian Trust Act, 1882," and they are regulated under the "SEBI (Mutual Funds) Regulations 1996". The trustees are the most important players in the three-tiered structure, followed by the sponsor, who is the creator, and the AMC, who is the fund manager.

- The first tier involves the sponsor or a group of sponsors who consider starting a mutual house. For that, they have to get permission from the SEBI, and the SEBI will check the experience, net worth, etc., details of the sponsor.
- The second tier is the trust, or public trust, which is created when the SEBI is convinced by the sponsor. This trust is formed by the people called trustees, who work on behalf of the trust. After the trust is created, it will get registered with SEBI, which is now called a mutual fund. A sponsor is not the same as a trust; they are two separate entities. Trust is a mutual fund, and the trustees act as an internal trust regulator.
- AMC is the third tier, and it is appointed by the trustees to manage the funds with the approval of SEBI. They will, in turn, charge some fees, which they will deduct from the money collected from various investors as the expense ratio. The AMC is in charge of the floating new mutual fund scheme and manages the purchase and sale of securities under the name of the trust.

Sponsor In Mutual Fund

A sponsor is an individual or an entity similar to the promoter of any company who thinks of starting up a mutual fund business. According to SEBI, a sponsor is a person who can start a mutual fund alone or in combination with another entity. They have the right to form a trust, appoint the board of trustees (BOT), and then appoint the AMC or a fund manager. The sponsor has to submit the trust deed, draft memorandum, and articles of association of AMC to SEBI.

The SEBI can conduct on-site due diligence on the sponsor's business, which includes evaluating the existing infrastructure for client servicing, a track record of complaint and grievance handling, and the compliance philosophy and practices followed by the sponsor.

As per the SEBI MF Regulations, 1996, some criteria must be fulfilled before anyone can become a sponsor and get a "Certificate of Registration."

- A sponsor should have a minimum experience of five years in the financial services industry.
- The business's net worth should have been positive in the last five years.
- The net worth of the sponsor in the previous year must exceed the capital contribution of the AMC.
- The sponsor should have earned the profits in the last three out of five years after deducting depreciation, interest, and tax.
- The sponsor should be sound and physically fit.
- The sponsor has to contribute at least 40% of the net worth of the AMC.
- Existing or new mutual fund sponsors should not be found guilty of any fraud or convicted of any offense.

Trust And Trustee In Mutual Fund

A trust is created by a sponsor through trust deeds, and this trust company is governed by the Companies Act 1956. The trustees and board of trustees internally manage these trusts, which are governed by the Indian Trust Act of 1882. They do not directly manage the securities but oversee whether the regulations are being followed by AMC or not while launching the fund.

Every mutual fund house should have at least four trustees and hire an AMC with at least four directors, of which two-thirds are independent. They are hired by sponsors of the mutual fund. They cannot be appointed by the same group AMC hires.

Here is the detailed list of work that a trustee should do:

- Before the scheme's launch, the trustees should check the work of AMC and their back office system, dealing room, and accounting work.

- The trustee should ensure that the AMC has not given any associate an advantage that is not in the best interests of the policyholders.
- They should check the AMC's transactions performed according to the SEBI regulations.
- They should take remedial steps if any of the laws and regulations are not being followed by the AMC.
- The trustee shall review all the transactions of the trust and AMC, including their net worth, every quarter.
- They should check the customer's complaint and how the AMC manages the grievance.
- They should fulfil all the details mentioned in Part A of the Fifth Schedule. They have to submit the report to the board on a semi-annual basis, which includes the details of the activities of the trust, the trustees' certificate that they are satisfied with the AMC's work, and all the necessary steps taken by the AMC on behalf of unit holders.

Asset Management Companies

AMCs are the companies that are appointed by trustees or the sponsor, and they are responsible for managing the fund's portfolio and the securities in which they invest. They have their board of directors and work under the supervision of trustees and SEBI. The appointed AMC can be terminated by the majority of trustees or by the vote of 75% of the unit holders.

It is the trust's investment manager and should not undertake any other business apart from financial services. 50% of the directors of the AMC shouldn't be directly related to any sponsor or trustee.

The AMC's work is to adhere to the investment scheme in line with the trust deed, provide all the related information to the unit holders, and manage the risk according to the guidelines given by AMFI and SEBI. The AMC can choose to do all the work themselves or hire third-party services from outside as well.

Here is some of the work that AMC performs:

- The main function of the AMC is to launch schemes, receive and process the application forms submitted by various investors, issue them unit certificates, send refund orders, maintain records, repurchase and redeem units, and issue dividends or warrants. They can choose to do their work independently or hire an RTA by paying some fees.
- They will have to manage investments with the help of a fund manager. The fund manager or a team of fund managers is responsible for deciding which securities must be bought or sold at what rate, at what time, and in what quantity.
- They have to calculate the NAV of the scheme daily, maintain the records, and submit them to the AMFI website. They must prepare and distribute reports on the scheme and record all accounting transactions. Fund accounting can be assigned to specialized firms if the AMC decides to do so.
- They have to perform the work as an intermediary between the advertising agency and collection centre's. They generally mobilize the funds with the help of a lead manager and attract investors. The outside firm hired will help AMCs approach HNWIs and other investors according to the SEBI guidelines.

- They must hire investment advisors to analyse the securities and market conditions. They also have to hire legal advisors to undertake all the legal work at the scheme's launch and auditors to timely inspect and verify the accounting work of the firm.

Other Participants In The Structure Of Mutual Funds

The other participants in the structure of mutual funds are custodians, registrar and transfer agents (RTA), fund accountants, auditors, brokers, intermediaries, etc. The duties of the other participants in the structure of mutual funds are as follows:

1. Custodian

The custodian is the entity that holds the securities purchased by the AMC in demat form on its behalf. They will manage the delivery and transfer of securities. They also complete all the work related to back-office bookkeeping.
They will ensure that the money is paid to the seller on time and that the dividends and interest earnings are also received. They check with the benefits of AMC they should get at the time of the bonus issue or right issue. They cannot work on behalf of the AMC in buying and selling but handle the back-office work.

2. Registrar And Transfer Agent (RTA)

RTAs work to ensure smooth communication between the AMC and unitholders. The AMC can choose to do the work internally or hire an agent outside. Two RTAs handle 80% of mutual fund work in India, Computer Age Management Services (CAMS) and Karvy. RTAs perform the following tasks:

- Issue and redeem investors' units, thereby updating the investors' records.
- Maintaining individual investors' records, including the folio number, number of units each holds, contact details, KYC details, etc.
- Communicate and send the accounting reports and statements to the unitholders. They will inform them about the dividends as well.
- Maintain records of each investor in and out of the scheme daily.

3. Fund Accountant

A fund accountant is involved in calculating the mutual fund's daily NAV from any scheme's assets and liabilities. The AMC can choose to outsource this work to a third party or do it internally.

4. Auditor

The auditor will check whether all the accounting work is being completed according to the law or not. They will have to verify if there is any fraudulent activity undertaken by the AMC by analysing the books of account. They will take a sample of transactions in a year to check the purchase or sale at the correct NAV and also verify the same with RTA.

5. Broker

A broker is an entity or individual that attracts new investors to invest in a particular mutual fund. They will keep track of the market, generate reports, and advise AMC to invest in particular securities. They will hold a license from the SEBI to operate the investor's trading accounts. They act as an intermediary between the investors and the mutual fund houses.

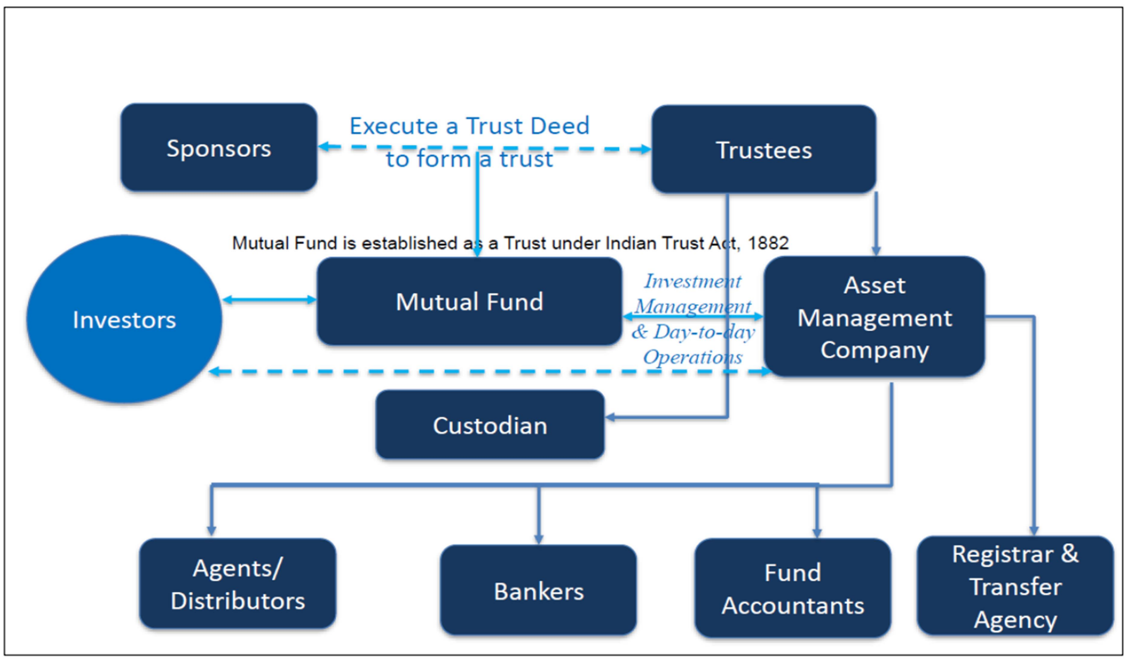
6. Dealers

The dealers help the AMC to successfully place the deal in the capital and money market instruments, and they have to fulfil all the formalities of purchase and sale through brokers.

7. Intermediaries/ Distributors

The intermediary can be anyone, be it agents, bankers, distributors, etc. They will act as an intermediary between the retail investors and AMC. They recommend the stock to investors and, in return, get a commission from the AMC.

MUTUAL FUND STRUCTURE DIAGRAM:



Source: BSE

Example Of A Fund House Structure

An example of an Axis mutual fund structure includes a sponsor which is Axis Bank Limited, a trust which is Axis Mutual Fund Trustee Limited, and an AMC, which is Axis Asset Management Company Limited.

Here is the complete list of participants in the Axis mutual fund structure:

Axis Mutual Fund					
Sponsor	Trust	AMC	Custodian and Fund Accountant	RTA	Auditor
Axis Bank Limited	Axis Mutual Fund Trustee Limited	Axis Asset Management Company Limited	Deutsche Bank	KFin Technologies Limited	M/s Deloitte Touche Tohmatsu India LLP

CHAPTER – 11

HOW TO INVEST IN MUTUAL FUNDS?

Via Physical Mutual Fund Application Form

Via Online Mode (Website of Mutual Fund)

Via Mobile App of Mutual Fund

Via AMFI Registered Mutual Fund Distributor (using physical form/online/mobile app)

Centralized KYC (C-KYC) in Securities Market

- KYC registration is centralized through **KYC Registration Agencies (KRAs)** registered with SEBI.
- Each investor to undergo KYC process **only once in securities market** and details would be shared with other intermediaries by the KRAs.
- Standard Account Opening form (AOF) has 2 parts:

  -**PART I** : Basic and uniform KYC details of the investor.

  -**PART II** : Additional KYC information as may be sought separately by the Mutual Fund

MUTUAL FUNDS INVESTMENT PROCEDURE

Indicate whether you are a First Time Investor/ Existing Investor.

Visit official website of KRA and check whether you are KYC complaint or not.

You must submit this KYC status.

Provide your details like name, address, etc.

Submit Bank account details and copy of "Cancelled Cheque"

Once documents are accepted by Mutual Fund Company , you may start making investment.

INVESTMENT MODES IN MUTUAL FUNDS

1. **Lump-sum investment:**
   - One-time investment .
   - Usually, large sum of money is invested in one go.
   - Investor faces risk of volatility in markets.

2. **Systematic Investment Plan (SIP) :**
   - Staggered Investment
   - Period of commitment – 6 months, 1/3/5 years.
   - Specific intervals – monthly, quarterly, half-yearly
   - Made on specific dates e.g.- 1^{st}, 5^{th}, 10^{th}, 15^{th} of every month.

3. **Direct Mutual Fund:**
   - Directly offered by fund house.
   - No involvement of third party agents- brokers or distributors.
   - No commissions and brokerage.
   - Have low Expense ratio (because of no commissions)
   - Have high NAV.
   - Return is higher due to a lower expense ratio.

4. **Regular Mutual Fund:**
   - Bought through an intermediary.
   - Intermediaries can be brokers, advisors or distributors.
   - Commissions and brokerage paid.
   - High Expense ratio as there are commissions to pay.
   - Low NAV.
   - Return is lower due to a higher expense ratio.

MUTUAL FUND PLANS – INVESTMENT OPTIONS:

GROWTH VS DIVIDEND OPTIONS

While the investment is made in financial securities according to the investment theme to earn returns, mutual funds offer the following three different investment options to the investors with regard to how these gains would be distributed / reinvested:

Dividend option: Under dividend option, the investor gets periodic dividend as regular income akin to the fixed deposit in a bank withdrawing the interest periodically while leaving the principal amount intact. This option is normally preferred by investors who need regular cash flows. Dividend is paid by selling the part of the portfolio. However, neither the amount of dividend nor its timing can be predetermined because prices of securities are extremely volatile.

Dividend reinvestment option: Under dividend reinvestment option, the dividend is declared but not disbursed. It is reinvested in the portfolio by buying fresh units at the new value. This option is akin to fixed deposit in a bank where the interest is reinvested only to be disbursed upon maturity.

Growth option: Under growth option, the dividend is neither announced nor paid. The entire amount remains invested in the portfolio and allowed to grow in value. Whenever an investor needs cash flow, he can choose to withdraw from the fund by placing the redemption request.

Dividend reinvestment and growth options are identical and equivalent to each other. However, tax considerations make one superior to another. When dividends are taxed more than the capital gains, growth option becomes more beneficial. When capital gains are taxed more than the dividend, dividend reinvestment becomes superior to growth option.

To harness and cultivate the savings, the government of India (as on October 2016) has made investment in mutual funds very attractive by offering various tax exemptions. These exemptions may be condensed as follows:

(a)All dividends from mutual funds are tax-exempt in the hands of investors.

(b)Investors earn returns by buying and selling at NAVs applicable at the time of buying and selling respectively. Capital gain is difference between selling price and buying price. It can be categorised in two ways, that is, short term and long term. Short-term gains capital gains are earned if the holding period is less than 12 months. If the investor holds the mutual fund units for more than 12 months, the returns are treated as long-term capital gains. The tax payable is dependent upon the nature of capital gain, that is, short term or long term.

(c) Short-term capital gains are taxed at the 15% if derived from investment in equity fund, and at the applicable slab rate of taxation of the investor, if derived from investment in debt fund.

(d)Similarly, treatment of tax for long-term capital gains is dependent upon the source of capital gain. If derived from equity fund, the long-term capital.

CHAPTER – 12

MUTUAL FUND COMPANIES IN INDIA:

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

The new entries of mutual fund companies in India were SBI Mutual Fund, Canbank Mutual Fund, Punjab National Bank Mutual Fund, Indian Bank Mutual Fund, Bank of India Mutual Fund.

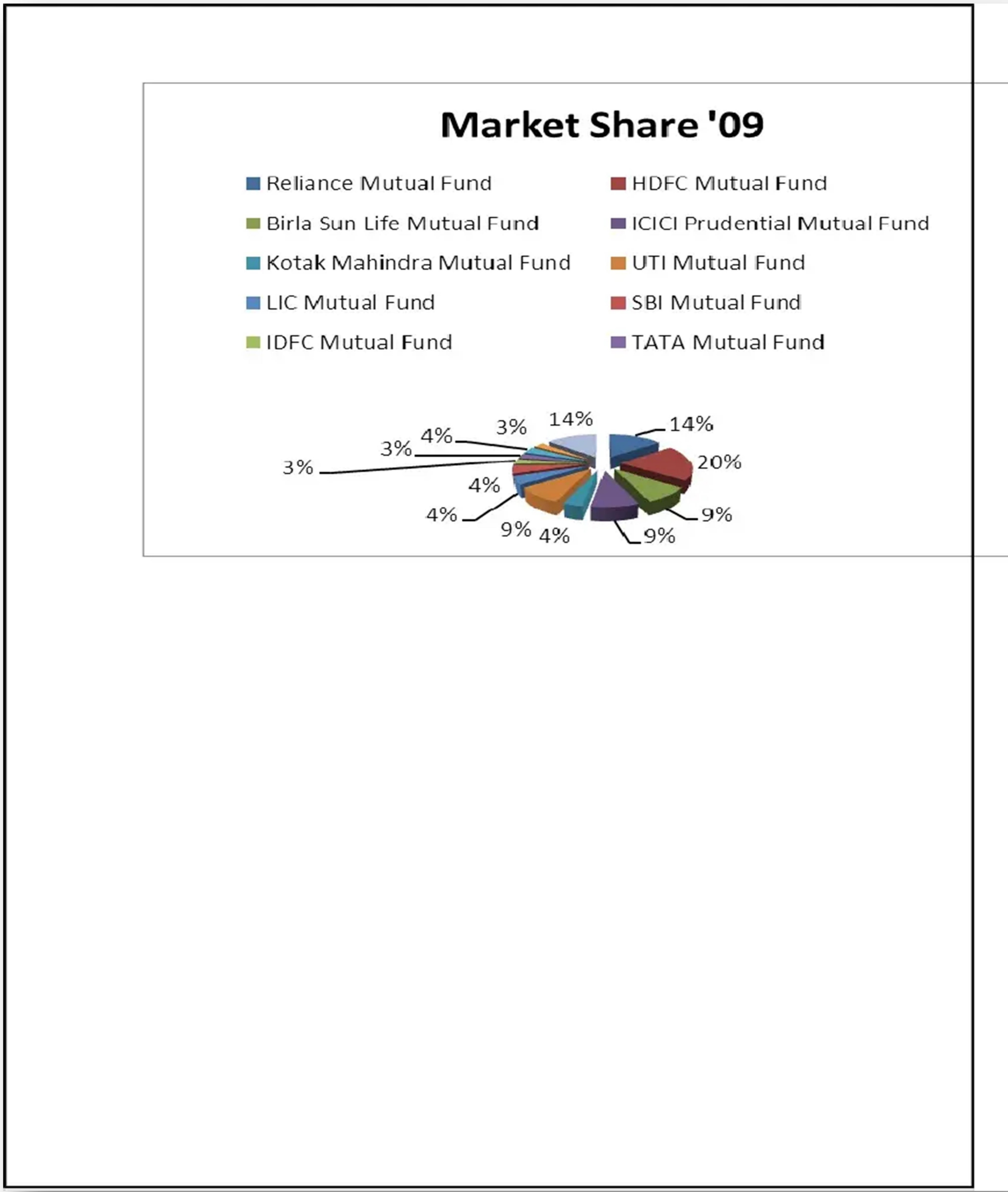
The succeeding decade showed a new horizon in Indian mutual fund industry. By the end of 1993, the total AUM of the industry was Rs. 470.04 bn. The private sector funds started penetrating the fund families. In the same year the first Mutual Fund regulations came into existance with re-registering all mutual funds except UTI. The regulations were further given a revised shape in 1996.

Kothari Pioneer was the first private sector mutual fund company in India which has now merged with Franklin Templeton. Just after ten years with private sector players penetration, the total assets rose up to Rs. 1218.05 bn. Today there are 33 mutual fund companies in India.

Major Mutual Fund Companies in India

ABN AMRO Mutual fund	Reliance Mutual Fund
Birla Sun Life Mutual Fund	Standard Chartered Mutual Fund
Bank of Baroda Mutual Fund	Franklin Templeton India Mutual Fund
HDFC Mutual Fund	Morgan Stanley Mutual Fund India
ING Vysya Mutual Fund	Escorts Mutual Fund
Prudential ICICI Mutual Fund	Alliance Capital Mutual Fund
State Bank of India Mutual Fund	Benchmark Mutual Fund
Tata Mutual Fund	Canbank Mutual Fund
Unit Trust of India Mutual Fund	Chola Mutual Fund

HSBC Mutual Fund LIC Mutual Fund



FUTURE PROSPECT OF MUTUAL FUNDS IN INDIA

Financial experts believe that the future of Mutual Funds in India will be very bright. It has been estimated that by March-end of 2010, the mutual fund industry of India will reach Rs 40,90,000 crore , taking into account the total assets of the Indian commercial banks. In the coming 10 years the annual composite growth rate is expected to go up by13.4%.

- 100% growth in the last 6 years.
- Number of foreign AMC's are in the queue to enter the Indian markets like Fidelity Investments, US based, with over US$ 1trillion assets under management worldwide.
- Our saving rate is over 23%, highest in the world. Only channelizing these savings in mutual funds sector is required.
- We have approximately 29 mutual funds which is much less than US having more than 800. There is a big scope for expansion.
- 'B' and 'C' class cities are growing rapidly. Today most of the mutual funds are concentrating on the 'A' class cities. Soon they will find scope in the growing cities.
- Mutual Fund can penetrate rurals like the Indian insurance industry with simple and limited products.
- SEBI allowing the MF's to launch commodity mutual funds.
- Emphasis on better corporate governance.
- Trying to curb the late trading practices.
- Introduction of Financial Planners who can provide need based advice.

Looking at the past developments and combining it with the current trends it can be concluded that the future of Mutual Funds in India has lot of positive things to offer to its investors.

RESEARCH METHODOLOGY

This report is based on primary as well as secondary data, however primary data collection was given more important since it is overhearing factor in attitude studies.

One of the most important users of Research Methodology is that it helps in identifying the problem, collecting, analysing the required information or data and providing an alternative solution to the problem. It also helps in collecting the vital information that is required by the Top Management to assist them for the better decision making both day to day decisions and critical ones.

a) **Research Design:** Descriptive Design
b) **Data Collection Method:** Survey Model
c) **Universe:**
d) **Sampling Method:** The sample was collected through personal visits, formally and informal talks and through filling up the Questionnaire prepared. The data has been analysed by using mathematical or statistical tools.
e) **Sample size:** 100 respondents.
f) **Sampling Unit:** Businessman, Government Servant, Retired Individuals.
g) **Data Source:** Primary Data
h) **Data Collection Instrument:** Structured Questionnaire.
i) **Sample Design:** Data has been presented with the help of Bar Graph, Pie Chart, and Line Graph etc.
j) **Duration of the Study:** The Study was carried out for a period of two months.

SAMPLE QUESTIONNAIRE

Name: ………. **Age: ……….**

Mob: ………..

Ques.1 What is your Qualification?

(a)Under-graduation (b)Graduation (c)Post Graduation (d)Others

Ques.2 What is your Occupation?

(a)Government (b)Private (c)Business (d)Others

Ques.3 What is your monthly family income?

(a)<=10000 (b)10001-20000 (c)20001-30000 (d)>30000

Ques.4 Do you have any idea about Mutual Fund?

(a)Yes (b)No

Ques.5 From where you came to know about Mutual Fund?

(a)Advertisement (b)Peer Group (c)Banks (d) Financial Advisors.

Ques.6 Where you will prefer to invest?

(a)Savings (b)FD (c)Insurance (d)Mutual Fund (e)PO (f)Shares (g)Gold (h)Real Estate

Ques.7 Which is your preference while investing?

(a)Low Return (b)High Risk (c)Liquidity (d)Trust

Ques.8 Which Mutual Fund Company you will prefer to invest?

(a)Reliance (b)SBI (c)UTI (d)HDFC (e)Others

Ques.9 Which mode of investment will you prefer?

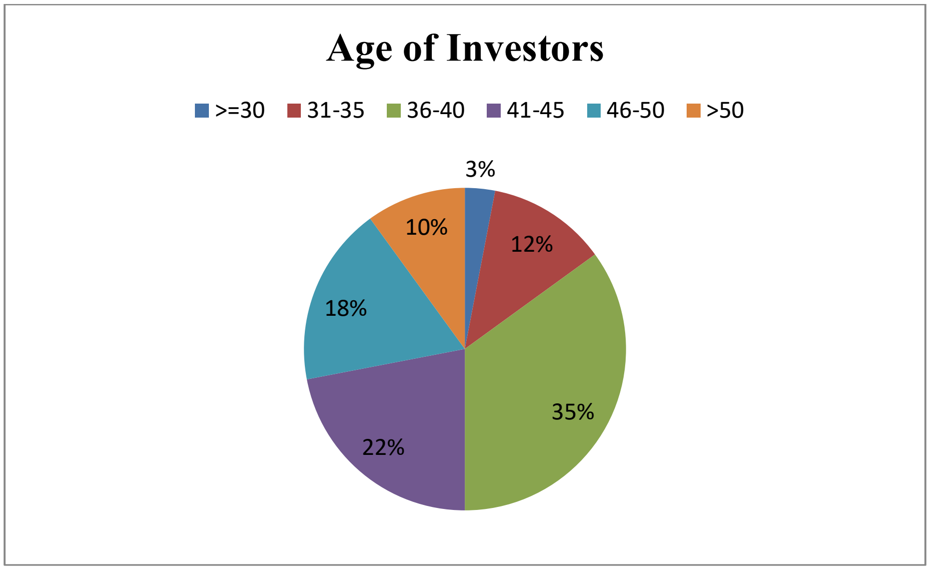
(a)Long Term (b)Short Term

Ques.10 Objective of investment?

(a)Preservation (b)Current Income (c)Conservative Growth (d)Aggressive Growth

DATA ANALYSIS & INTERPRETATION

1. Analysing to according to Age

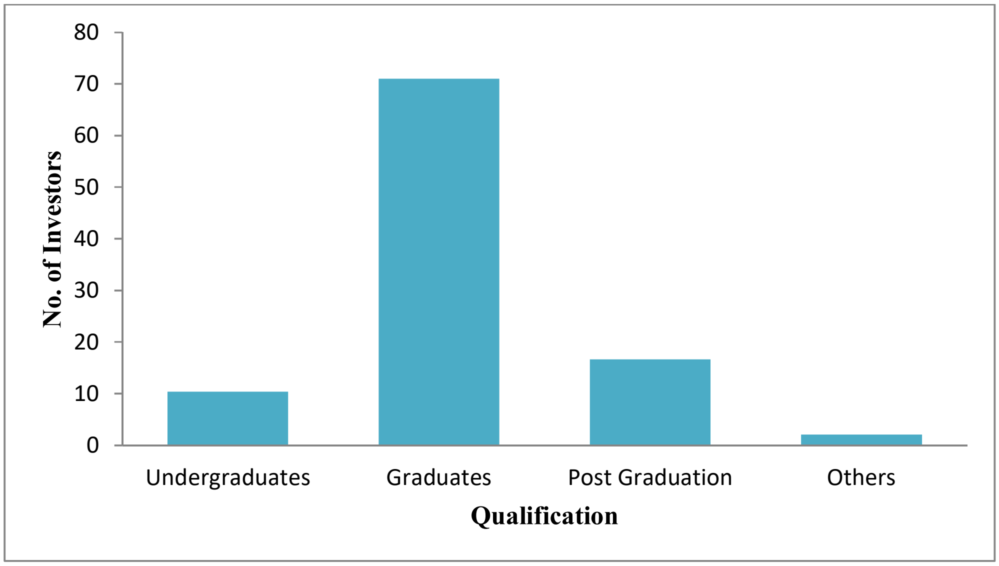


Interpretation – Here, it is been found that most of the investors i.e,35% of the investors who invest in Mutual Fund lies in between the age group of 36-40, they are more reluctant as well as experienced in this field of Mutual Fund.

Then the second highest age group lies in between the age group of 41-45 (22%) , they are also aware of the benefits in investing in mutual fund.

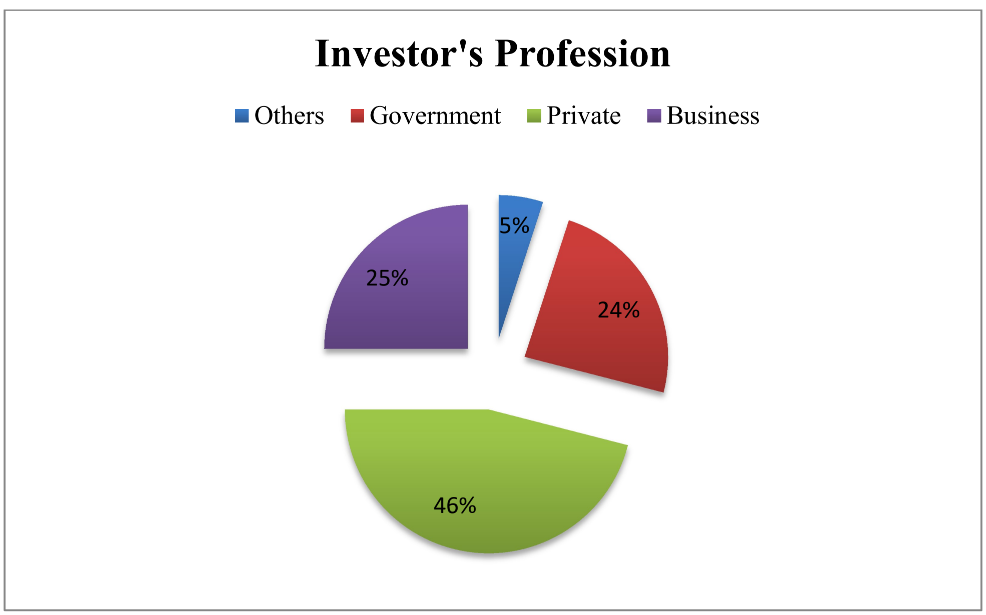
The least interested group is in the youth generations.

2. Analysing according to Qualification



Interpretation – Out of my survey of 100 people, 71% of the investors are Graduates and Post Graduates and 16.67% are Under Graduates and Others, around 12.5%, which may include persons who have passed their 10th standard or 12th standard invests in Mutual Funds.

3. Analysing according to Occupation

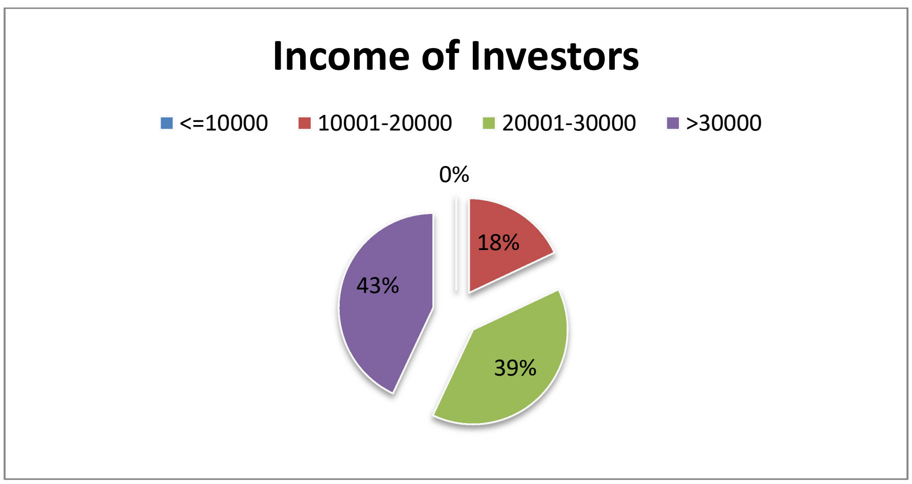


Interpretation – Here it is amazed see that around 46% of the investment is been invested by the persons working in Private sectors, according to them investing in Mutual Funds is more safer as well as more gainer.

Then we find that the businessman around 25% gives more preference in investing in mutual funds, they think that investing in mutual fund is better than investing in shares as well as Post office.

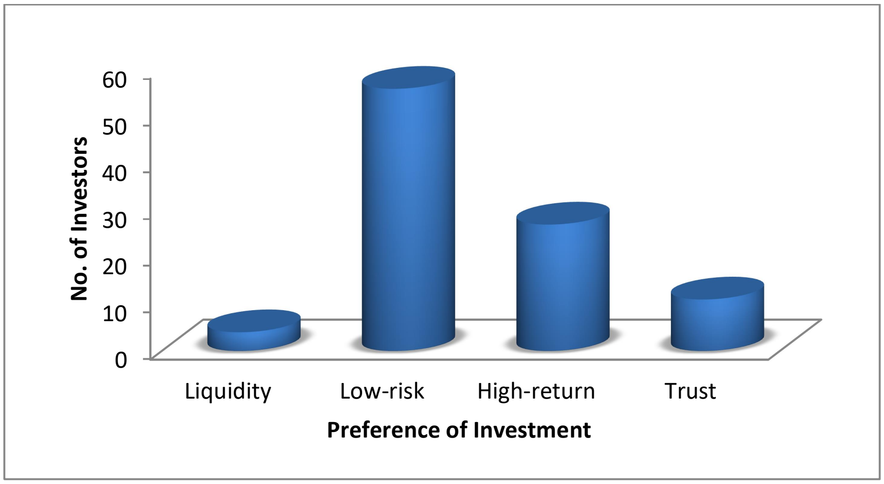
Next we see that the persons working in Government sectors of around 24% only invests in Mutual Fund.

4.Analysing according to Monthly Family Income



Interpretation – Here, we find that investors of around 43% with the monthly income of Rs.>30000 are the most likely to invest in Mutual Fund, than any other income group.

5. Analysing data according to factors seen before investing



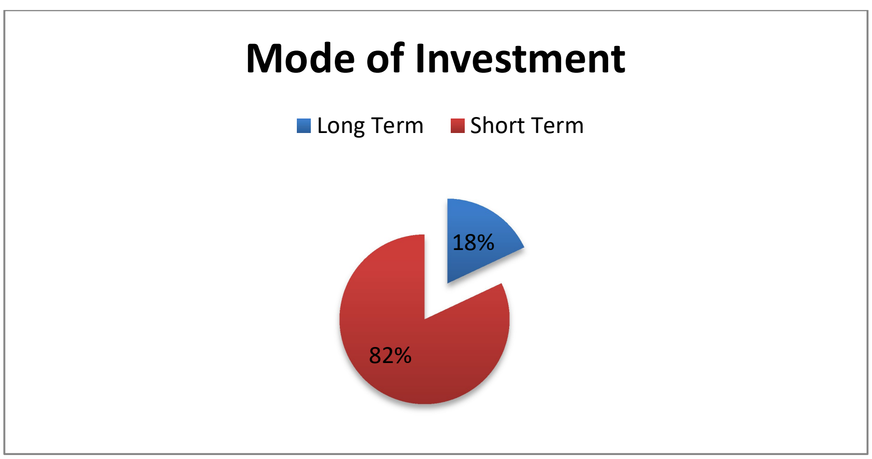
Interpretation – As it can be clearly stated from the above Diagram that investors before investing, the main criteria they used to give more Preference is Low Risk. According to them, if a scheme is low risk, it may or may not give a very good-return , but still 56% of the investors choose low risk as the option while investing in Mutual Funds.

Then we see that 27% of the investors take High Return as one of their most important criteria. According to them, if there is no high return then we should opt for Post office and mutual fund.

11% of the investors take trust as one of their important factors.

Only 4% of the Investors think liquidity as their most preferable options.

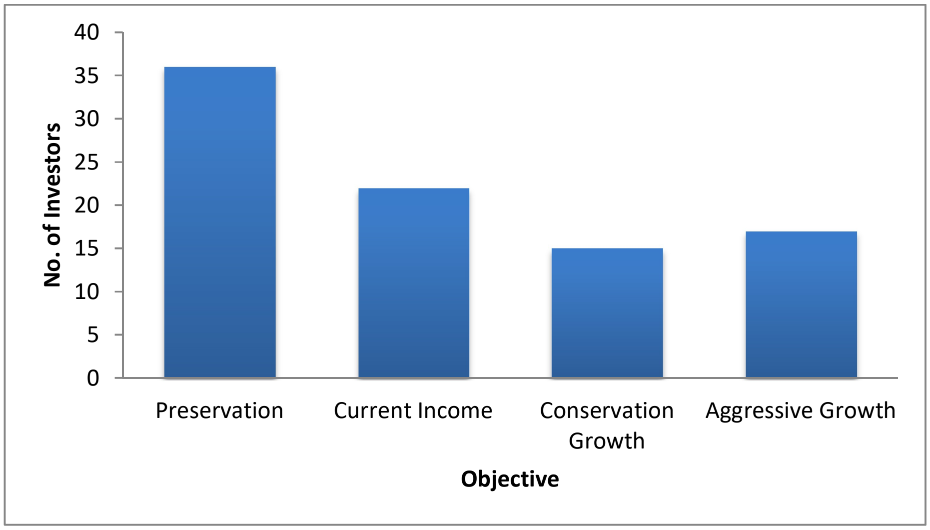
6. Analysing data according to mode of investment



Interpretation – It can be clearly stated from the above figure that 82% of the investors like to invest in SIP, as the investors feels that they are more comfortable to save via SIP than the Long Term.

While 18% of the investors find SIP as very burdensome, and they are more reluctant to save in Long term investment.

7. **Analysing data according to objective of investment**

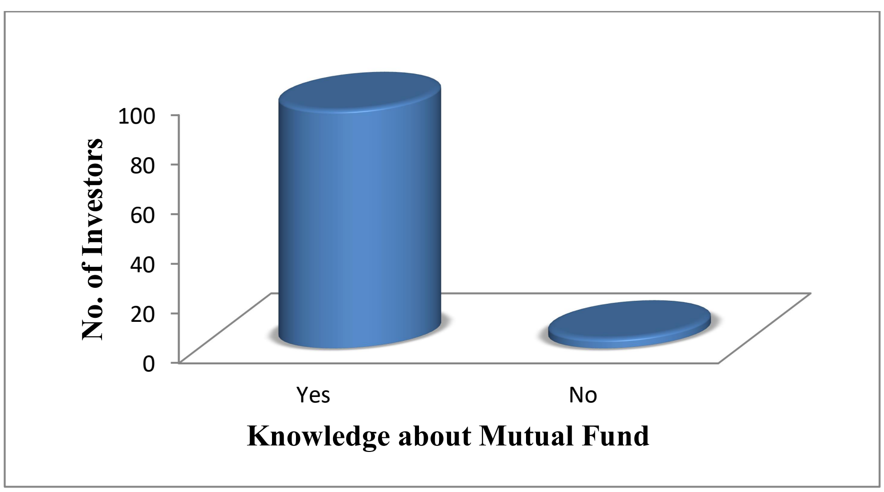


Interpretation – Here we see that 36% of the investor's objective are to preserve the principal amount, so that it can be used as savings for the future period.

While 22% of the investors invest to get derive their current income through investing in Mutual Funds.

While 15% and 17% of the investors invest to get a conservative as well as aggressive growth.

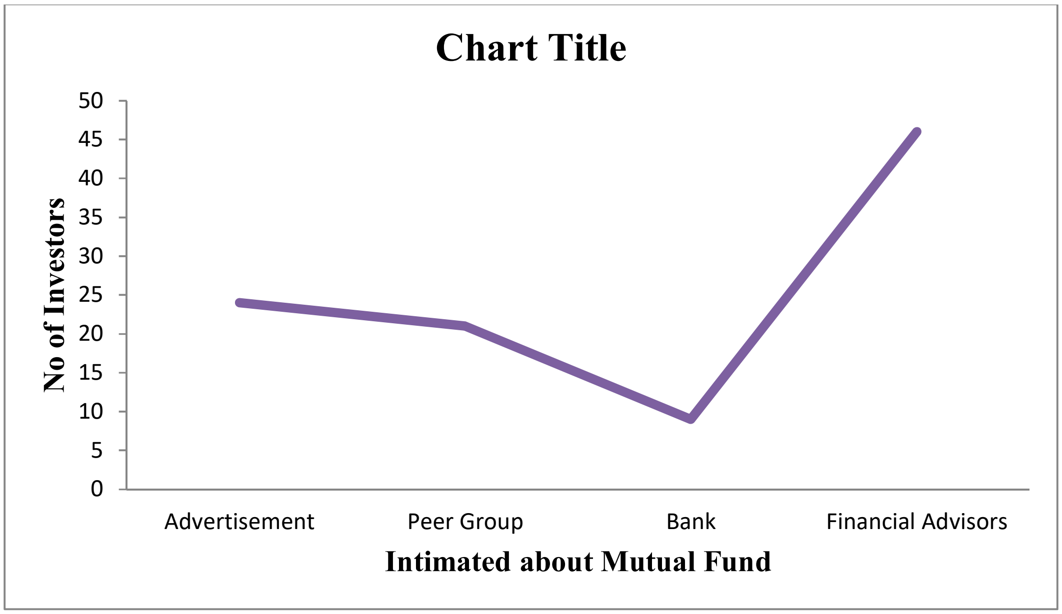
8. **Analysing data according to awareness about Mutual Fund**



Interpretation – From the total lot of 100 people, 96 people are actually aware of the fact of Mutual Fund and are regular investors of Mutual funds.

4 people were those who have just heard the name or rather are just aware of the fact of existence of the word called Mutual Fund, but doesn't know anything else about Mutual Funds.

9.Analysing data according to from where they came to know about Mutual Fund.

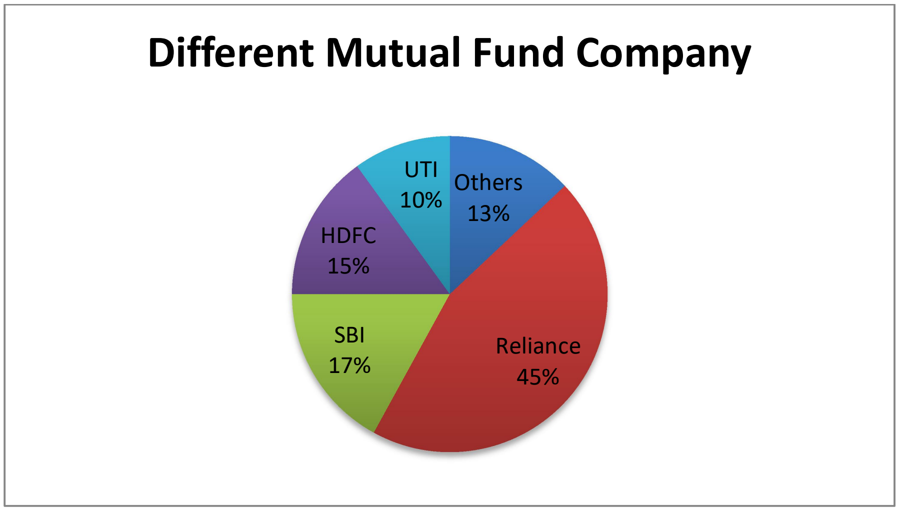


Interpretation – Here from the Line Graph it can be clearly stated that around 46% of the investors came to know the benefits of Mutual Fund from Financial Advisors. According to the suggestions given by the financial advisors, people use to choose Mutual Funds Scheme.

Then Secondly, 24% and 21% of the people used to know from Advertisement and Peer group respectively.

Lastly, 9% of the investors do invests after being intimated by the banks about the benefits of Mutual Funds.

10.Analysing data according to investors choice of investing in different Mutual Fund Companies.



Interpretation- From this above Pie Chart it can be clearly stated that 45%, 17% of the people like to invest in large Cap companies where return is comparatively less but risk is low thus they invest in Reliance, SBI respectively.

15%, 10% of the people like to invest in Mutual Fund Companies like HDFC, UTI, etc. where risk is slightly higher than the above two mentioned companies as well as return is also slightly high.

13% of the investors like to invest in the Small Cap's and Mid Cap's companies.

FINDINGS

Through this Project the results that was derived are-

- People who lie under the age group of 36-40 have more experience and are more interested in investing in Mutual Funds.
- There was a lot of lack of awareness or ignorance, that’s why out of 200 people,120 people have invested in Mutual Fund and 80 people is unaware of investing in Mutual Funds.
- Generally people employed in Private sectors and Businessman are more likely to invest in Mutual Funds, than other people working in other professions.
- Generally investors whose monthly income is above Rs. 20001-30000 are more likely to invest their income in Mutual Fund, to preserve their savings of at least more than 20%.
- People generally like to save their savings in Mutual Fund, Fixed Deposits and Savings Account.
- Many people came to know about Mutual Fund from Financial Advisors, Advertisement as well as from their Peer group , and they generally invest in the Mutual Fund by taking advices from their Legal Advisors.
- Investors generally like to invest in Large Cap Companies like Reliance, SBI, etc. to minimize their risk.
- The most popular medium of investing in Mutual Fund is through SIP and moreover people like to invest in Equity Fund though it is a risky game.
- The main Objective of most of the Investors is to preserve their Income.

CONCLUSION

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

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

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

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

The mutual fund industry as a whole gets less than 2 per cent of household savings against the FD per cent that go into bank deposits. Some fund managers say this only indicates the sector’s potential. If mutual funds succeed in chipping away at bank deposits, even a triple digit growth is possible over the next few years.

Leadership style of Top Management

The qualities that I like most about him are his sincerity and total devotion. He is a workaholic. He is normally quite reserved and these moments of free expression were out of the ordinary. The chairmanship did not change him or his manner of arriving at the most appropriate course of action. He evoked support from his team and he still does. Atharva Parmar is not the type of boss who is given to thumping the table. He softly mandates, and those to whom the message is addressed get the point very clearly. He thinks big and encourages others to do likewise. He does not discourage those who occasionally fail to deliver.

When dealing with a difference of opinion, he will convincingly present his views but at the same time listen attentively to other points of views and arrive at a consensus. He has always listened to all points of view before evolving a decision in his own quiet but firm way.

He encourages people to open their eyes to look at an opportunity and gets them to think differently about issues. But he will never tell them what to do. Often, he communicates by asking questions. "Why can't you" or "have you thought about this" -those are common phrases he employs.

Quality & nature of teamwork

Teamwork doesn't have to exist only in big, international companies. Smaller organizations and businesses benefit when individual team members work in cooperation with each other, setting and reaching unit and individual goals.

Nature of Team work at 'AP FINANCE GROUP'.

Provide One-on-One Feedback

When employees work on projects at AP Finance Group, they often rely on their co-workers to provide them with feedback. Feedback can range from advice about formatting a report, proofreading a document for grammatical errors, advice on handling a difficult customer or tips on how to get a process done faster or more efficiently.

Participate in Brainstorming Meetings

From time-time, companies schedule brainstorming meetings to get creative ideas flowing. By working as a team, everyone gets to add input, there are a wide range of creative solutions to try and participants feel united, as they work toward a common goal.

Act As Mentor

Mentoring is especially important for new employees, as it helps them get adjusted to their new work environments and become familiarized with the company's processes and procedures. Seasoned employees work closely with new employees to answer their questions about the company, the products and services the company sells, the target market, goal setting and employee relations. The support and motivation mentors provide demonstrates the importance in teaming up with employees to achieve success at a company.

Swap Schedules or Clients

Responsibilities outside of the office sometimes force employees to take time off , which pulls them away from their normal work responsibilities. If an employee cannot be in the office, his colleague work with his clients until he returns or finish up a project that is on a tight deadline. If employees work in shifts, a fellow employee may switch shifts to give an employee the time he needs away from the office.

Culture

AP Group Finance. view their corporate culture as the basis of their long-term success. It should be given the utmost consideration and must be put into practice by each and every one of them. They are proud of what they have already achieved in this regard and are convinced that as long as they remain true to their principles, they will greatly increase the success of their business in the future.

Their corporate culture stands and falls with the mutual respect of the people who make up their team. This respect requires each of them to consider the views and beliefs of their colleagues and to integrate these into development.

The views and possibilities can be suitably incorporated provided that communication with one another functions smoothly. Everyone therefore has not only the right but also the obligation to contribute his or her viewpoint, for diversity is what underlies the potential and strength of a team.

The abilities and potential of all involved can be optimally brought to bear when all members of the team are fully informed and act on a basis of shared knowledge. Transparency is thus another indispensable factor for long-term success. The consequence is that we are all informed about everything that occurs in and around the company. And this is meant literally: Everyone knows everything!

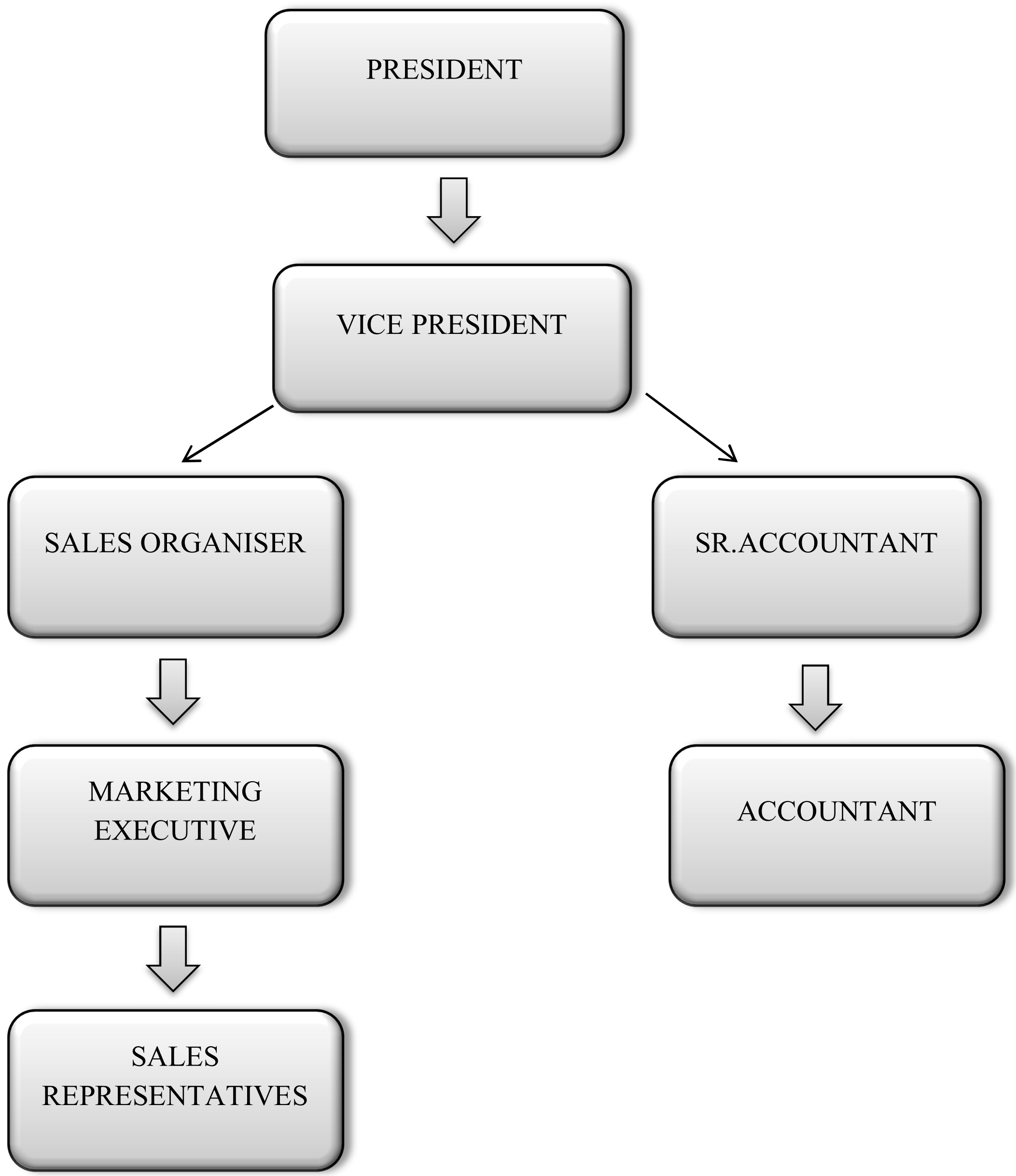
This foundation encourages the growth of trust, which forges all the employees into a team and gives rise to a spirit and motivation that can move mountains. In difficult times as well as in very good times (which can be even more dangerous), a well-functioning team does not stray from its course. And that means quite a lot. This is ultimately the source of the continuity that represents one of the key components for above-average success over the long-term in the investment business.

AP Finance Group corporate culture is put into practice not only internally but also externally. Respect, communication and transparency also apply to relations with the outside world. It is on this basis that they strive to build up successful, gratifying and lasting relationships with existing and future clients.

Decision making styles

The top management follow behavioural style of decision making. The management explains the situation to the group and provides the relevant information. Together they attempt to reconcile differences and negotiate a solution that is acceptable to all. The management may consult with others before the meeting in order to prepare his case and generate alternative decisions that are acceptable to them.

Organizational Structure



SWOT ANALYSIS

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STRENGTH

- Strong client base
- Individual client base specific services
- Very good corporate contacts
- More than 16 years of experience

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WEAKNESS

- Lack of office space
- Lack of ground agent

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OPPORTUNITY

- Rapid expanding asset management market
- More demand for quality advisor provider
- Increase number of people interested in investing

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THREATS

- High market competition
- Competing with already established by market leaders like Kotak securities.
- Growing individual competitor

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