A study on

THE GROWTH OF MUTUAL FUND INDUSTRY AND THE DIFFERENT INVESTMENT PATTERN

Project Report

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Under the guidance of

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ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM

COLLEGE WITH POTENTIAL FOR EXCELLENCE

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CERTIFICATE

This is to certify that the project titled **"A STUDY ON THE GROWTH OF MUTUAL FUND INDUSTRY AND DIFFERENT INVESTMENT PATTER"** submitted to Mahatma Gandhi University in partial fulfillment of the requirement for the award of Degree of Bachelor in Commerce is a record of the original work done by **Ms. Neha Paul, Ms. Susan Antony, Ms. Gayathri Viswakumar**, under my supervision and guidance during the academic year 2020-23

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DECLARATION

We Ms. Gayathri Viswakumar, Ms. Neha Paul , Ms. Susan Antony, final year B.Com students, Department of Commerce (SF), St. Teresa's College (Autonomous) do hereby declare that the project report entitled A STUDY ON THE GROWTH OF MUTUAL FUND INDUSTRY AND DIFFERENT INVESTMENT PATTERN submitted to Mahatma Gandhi University is a bonafide record of the work done under the supervision and guidance of MRS Divya T S, Assistant Professor of Department of Commerce (SF), St. Teresa's College (Autonomous) and this work has not previously formed the basis for the award of any academic qualification, fellowship, or other similar title of any other university or board.

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Neha Paul

Susan Antony

Gayathri Viswakumar

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CHAPTER – 1

INTRODUCTION

1.1 INTRODUCTION

The Mutual fund is a specific type of investment institution, which collects the savings from the investors and invests large funds in a fairly large and well diversified portfolio of sound investments. Today's mutual fund investment shows an important role in household finance. The increasing number of households and rise in the income levels, etc. provides wide scope to make investments in mutual funds. Resource mobilization implies the development of cash or cash breaks even with from the non or less profitable segmented. This study is apprehensive with the resource mobilization of the mutual fund industry. To know the Growth of the Indian Mutual Fund industry. The analysis done on resource mobilization in mutual fund Industry, based on AMC, Schemes of mutual funds and the type of mutual funds.

A mutual fund is a professionally managed investment fund that pools money from investors to purchase securities. The terms are typically used in the United States, Canada, and India, while similar structures across the globe include the SICAV in Europe investment company with variable capital) and open-ended investment company (OIC) in the UK.

Mutual funds are often classified by their principal investments: money market funds, hond orfixed income funds, stock or equity funds, or hybrid funds. Funds may also be categorized asindex funds, which are passively managed funds that track the performance of an index such as a stock market index or bond market index, or actively managed funds, which sock to outperform stock market indices but generally charge higher fees. Primary structures of mutual funds are open-end funds, closed-end funds, unit investment trusts.

Open-end funds are or sold to the issuer at the net asset value of each share as of the close of the trading day in which the order was placed, as long as the order was placed within a specified period before the close of trading. They can be traded directly with the issuer or via an electronic trading platform or stockbroker.

Mutual funds have advantages and disadvantages compared to direct investing in individual securities. The advantages of mutual funds include economies of scale, diversification, liquidity and professional management. However, these come with mutual fund fees and expenses.Mutual funds are regulated by governmental bodies and are required to publish information including performance, comparison of performance to benchmarks, fees charged, and securities held. A single mutual fund may have several share classes by which larger investors pay lower fees.

1.2 STATEMENT OF PROBLEM

This project mainly focuses on the growth and development of mutual fund industry for the past 5 years and also the various investment patterns among the people. Day by day Indian financial market is becoming competitive and the supply of various financial instruments need to be in equilibrium to the demand perspectives of the investors. The prime drive of any investment is to get maximum return with a maximum risk and mutual funds provide the opportunity for the investors. This study will help one to determine the reasons for investing in mutual fund, the risk factor related to it. Most of the investor prefer to invest in funds which have less risk. Investor attitude varies from period to period, these are one of the major problems regarding the study.

1.3 SIGNIFICANCE OF STUDY

India is one among the top 7 Worlds largest economy and India's saving rate in very high in comparison to other countries. This study mainly focuses on the growth of mutual fund industry for the past financial years. In modern days investor are mainly focused on multiple investment alternative to make their portfolio diverse and to minimize risk and to maximize return. The various mutual funds and its types are evaluated so that it enables the investor to have an idea on were to invest.

1.4 OBJECTIVES OF STUDY

The major objectives of study is to

1.To study on the growth of mutual fund industry

2.To examine investors perception towards mutual fund as an investment tool

3.To identify various types of risk and hazards of investment and mutual fund

4. To study the level of awareness and preference of investors

5.To make recommendations on the basis of the study.

1.5 RESEARCH METHODOLOGY

The required data for the conduct of the study was collected from primary and secondary sources. Primary data was collected through Google forms (online) questionnaire) from the investors. Random sampling method were applied in selection of 50 respondents comprising the cross section of the population. The secondary data for the study was collected from published journal and magazines like the stock journal of the Cochin Stock Exchange, the Capital market, the Investment Week, the Business World etc., publications of Securities and Exchange Board of India

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1.6 SCOPE OF STUDY

This study covers all the information related on how the scope of mutual fund has grown enormously over the years. The study attempts to the consideration of investors while investing in Mutual fund, which can help the mutual fund companies while launching a new scheme.

1.7 LIMITATIONS

1.The study has time constraint

2.It mainly focuses on the people residing in Kerala

3.Data may not be accurate because it is taken by using both primary and secondary data

4.Investors were reluctant to give details about their investment details

5.The sample size only limited to 90

CHAPTER – 2

REVIEW OF LITERATURE

REVIEW OF LITERATURE:

It provides an overview of current knowledge, allowing you to identify relevant theories, methods, and gaps in the existing research. It is bound to adapt the rich books, journals, periodicals, reports, etc. to measure with quantity of collections. Lots of books, national and international level magazines, websites are referred for the study. The previous research studies are also used as a guideline in preparing and designing the research work.

1.Sathya Swaroop Debashish (2009) measured the performance of the equity based mutual funds in India. 23 schemes were studied over a period of April 1996 to March 2009 (13 years). The analysis was done on the basis of mean return, beta risk and coefficient of determination, sharp ratio, Treynor ratio and Jensen alpha. The first analysis has been done on the basis of returns, followed by a comparison between market returns and the return on schemes. It was concluded that UTI mutual fund schemes and Franklin Templeton schemes have performed excellently in public and private sectors respectively. Further, on the basis of the parameters like Sharpe ratio, Deutsche, Franklin Templeton, Prudential ICICI (in private sector) and SBI and UTI (in public sector) mutual funds schemes have out-performed the market portfolio with positive values. However, the overall analysis finds Franklin Templeton and UTI being the best performers, and Birla SunLife, HDFC and LIC mutual funds showing poor below-average performance when measured against the risk-return relationship models and measures.

2.Amporn Soongswang (2009) studied 138 open ended equity mutual funds managed by 17 asset management companies in Thailand during the period 2002-2007. When the mutual funds were measured using Treynor ratio, Sharp ratio and Jensen’s alpha, showed that performance of Thai open ended mutual funds significantly outperform the market. However, by using the Data Envelopment analysis (DEA) technique, the results suggested that for 3 month time period of investment only, the open ended equity mutual fund significantly outperform the market.

3.Prof. V. Vanaja and Dr. R. Karrupasamy (2013), have done a Study on the performance of select Private Sector Balanced Category Mutual Fund Schemes in India. This study of performance evaluation would help the investors to choose the best schemes available and will also help the AUM’s in better portfolio construction and can rectify the problems of underperforming schemes. The objective of the study is to evaluate the performance of select Private sector balanced schemes on the basis of returns and comparison with their bench marks and also to appraise the performance of different category of funds using risk adjusted measures as suggested by Sharpe, Treynor and Jensen.

4. E. Priyadarshini and Dr. A. Chandra Babu (2011), have done Prediction of The Net Asset Values of Indian Mutual Funds Using Auto- Regressive Integrated Moving Average (Arima). In this paper, some of the mutual funds in India had been modeled using Box-Jenkins autoregressive integrated moving average (ARIMA) methodology. Validity of the models was tested using standard statistical techniques and the future NAV values of the mutual funds have been forecasted.

5. Deepa Mangala and R.K.Mittal (2005) in their article, "Anomalous Price behavior - An Evidence of Monthly effect in Indian Stock Market', published in the Indian Journal of Commerce, April-June, 2005, concluded that the mean return for the first half of a trading month is significantly higher than the mean returns for the second half. The increased liquidity might induce the demand for equities resulting in the monthly effect.

6. M.S. Narasimhan and L.V.Ramana in their article "Pricing of Initial Public Offerings:Indian Experience, with equity issues, published in Portfolio Management, Research Series in Applied Finance, the ICFAI Journal of Applied Finance, concluded that (i) Homogeneity in the degree of under pricing across time periods is observed. (ii) The extent to which premium issues are underpriced is greater than in the case of the first trading day. (iii) Under pricing is not related to the time interval between the offer day and the first trading day. They further concluded that companies offering their stock at a premium prefer to play it safe in spite of the freedom granted to them operating at suboptimum levels to derive a satisfaction of the issue being fully subscribed may be a major factor in determining the pricing process.

7.Dr. Ranjit Singh, Dr. Anurag Singh and Dr. H. Ramananda Singh (August 2011), have done research on Positioning of Mutual Funds among Small Town and Sub-Urban Investors. In the recent past the significant proportion of the investment of the urban investor is being attracted by the mutual funds. This has led to the saturation of the market in the urban areas. In order to increase their investor base, the mutual fund companies are exploring the opportunities in the small towns and sub-urban areas. But marketing the mutual funds in these areas requires the positioning of the products in the minds of the investors in a different way. The product has to be acceptable to the investors, it should be affordable to the investors, it should be made available to them and at the same time the investors should be aware of it. The present paper deals with all these issues. It measures the degree of influence on acceptability, affordability, availability and awareness among the small town and sub-urban investors on their investment decisions.

8. James H. Lorie, Peter Dodd and Mary Hamilton, (1985) Kimpton, in their book, "The Stock Market - Theories and Evidence", IFCAI Publication, Hyderabad, 1985 pointed out that the value of a corporation's stock is determined by expectations regarding future earnings of the corporation and by the rate at which those earnings are discounted. In a world of no uncertainty, all securities would offer a certain return equal to the real rate of return in capital.

9. Singh J. and S. Chander (2006) in their article "Investors Preference for Investment in Mutual Funds: An Empirical Evidence" Published in The ICFAI Journal of Behavioral Finance, 2006. Pointed out that since interest rates on investments like public provident fund, national saving certificate, bank deposits, etc. are falling, the question to be answered is: What investment alternative should a small investor adopt? Direct investment in capital market is an expensive proposal, and keeping money in saving schemes is not advisable. One of the alternatives is to invest in capital market through mutual funds. This help the investor avoid the risks involved in direct investment. Considering the state of mind of the general investor, this article figured out the preference attached to different investment avenues by the investors. The preference of mutual funds schemes over others for investment. The source from which the investor gets information about mutual funds and the experience with regard to returns from mutual funds. The results showed that the investors considered gold to be the most preferred form of investment, followed by NSC and post office schemes. Hence, the basic psyche of an Indian investor, who still prefers to keep his savings in the form of yellow metal, is indicated. Investors belonging to the salaried category, and in the age group of 20-35, years showed inclination towards close-ended growth (equity-oriented) schemes over the other scheme types. A majority of the investors based their investment decision on the advice of brokers, professionals and financial advisors. The findings also revealed the varied experience of respondents regarding the returns received from investments made in mutual funds.

10. Mittal M. and R. K. Vyas (2008) in their article Personality Type and Investment Choice: An Empirical Study published in The ICFAI UNIVERSITY Journal of Behavioral Finance, 2008. Observed that investors have certain cognitive and emotional weaknesses which come in the way of their investment decisions. According to them, over the past few years, behavioral finance researchers have scientifically shown that investors do not always act rationally. They have behavioral biases that lead to systematic errors in the way they process information for investment decision. Many researchers have tried to classify the investors on the basis of their relative risk taking capacity and the type of investment they make. Empirical evidence also suggests that factors such as age, income, education and marital status affect an individual's investment decision.

11. Dr. Sandeep Bansal, Sanjeev Kumar, Dr. Surender Kumar Gupta and Sachin Singla (Jun 2012) have done a Study of Selected Dividend Mutual Fund Schemes with Jenson's Alpha Model. In this present paper we apply a risk-adjusted measure known as Jensen's Alpha Model on ten randomly selected dividend mutual fund schemes that estimates how much a manager's forecasting ability contributes to the fund's returns. We use a sample of 10 mutual fund schemes (dividend) for the period of 4 years from May 2005 to April 2009 on monthly basis and calculated their NAV.

12. Muralidhar Prasadh Ayaluru (2016) : The main objective of this research was to evaluate the past performance of selected open-ended equity mutual fund schemes of Reliance and to earry out the risk return analysis of the sample funds selected. To examine the mutual fund scheme performance, 10 schemes were selected which were offered by Reliance mutual fund. The scope of the project is mainly concentrated on top performing scheme of the Reliance mutual fund such Reliance small cap fund, Reliance long term equity fund, Reliance growth fund. Reliance vision fund, Reliance top 200 fund, Reliance equity opportunity fund, Reliance banking fund, Reliance farmer fund, Reliance diversified power sector fund and Reliance tax saver fund. From the study, it was concluded that all the selected10 Reliance mutual funds are performing above the selected benchmark return and managed by the fund satisfactorily. There are funds suitable for every types of investor and can choose the fund basing on the investors choice like risk return etc.

13. Dr. Nishi Sharma (Aug 2012), has done research on Indian Investor's Perception towards Mutual Funds. This paper attempts to investigate the reasons responsible for lesser recognition of mutual fund as a prime investment option. It examines the investor's perception with reference to distinct features provided by mutual fund companies to attract them for investing in specific funds/schemes. The study uses principal component analysis as a tool for factor reduction. The paper explored three factors named as fund/scheme related attributes, monetary benefits and sponsor's related attributes (having respectively six, four and four variables) which may be offered to investors for securing their patronage. The results are expected to provide fruitful insight to mutual fund companies for tailoring their offers suitable to cater the needs and expectations of Indian investors.

14. Dr. Naila Iqbal (Jul 2013) has studied Market Penetration and Investment Pattern in India. Market penetration is a term that indicates how deeply a product or service has become entrenched with a given consumer market. The degree of penetration is often measured by the amount of sales that are generated within the market itself. A product that generates twenty percent of the sales made within a given market would be said to have a higher rate of market penetration that a similar product that realizes ten percent of the total sales within that same market. Determining what constitutes the consumer market is key to the process of properly calculating market penetration.

15. Murlidhar Ananda Lokhande. 2015 "A Study of Investment Awareness and Pattern of Savings and Investment of Rural Investors ''. The study attempted to find out the awareness of rural investors about various investment avenues, their preferences and considerations for investing money. A sample of 300 respondents was selected from four villages from Sillod block of Aurangabad district, Maharashtra. The major focus of the study was on investigating whether there was difference between investment awareness level and educational qualifications of male and female rural investors. The study disclosed that there was no significant difference in awareness level of rural male and female investors and their educational qualifications. The investment preference order of the respondents indicated towards secured investment attitude. Bank deposits, gold and jewelry, real estate were popular investment avenues for majority of the investors.

16. Prof. Priya Vasagadekar 2014 'A Research paper on investment awareness among Indian working women with reference to Pune region'' this research aims to study and understand the investment awareness among Indian working women with reference to Pune region. Nowadays, women want to be financially independent & secure their future with enough money. This research is based on the study of investment behavior & patterns followed by working women in various sectors in Pune region. Researcher concluded the study by stating that Pune is a place of growth, which is well known for its education and now it becomes the Employment hub as well. Women's are getting jobs at high position with good pay packages. Because lack of financial education and low risk bearing capacity most of the women are not able to manage their portfolio on their own.

17. Ashly Lynn Joseph and Dr. M. Prakash 2014'A Study on preferred investment avenues among the People and factors considered for investment'' this research aims to study and understand the investment awareness among people and their preferred investment choice. According to researcher proper understanding of money, its value, available option for investment and knowledge of the financial institutions providing such facility is very important for successful management of one's money for achieving future goal. study is based on primary and secondary data. Many people are not willing to take risk so they prefer bank deposits, gold, fixed deposit for investment and many people are not aware about investment in share market an equities. According to researcher investors cannot avoid risk but they can manage risk by investing in various types of investment avenues so that they can get a moderate profit.

18.Dr. C. M. Shinde , Priyanka Zanvar (2015) "A study of investment pattern based on demographic traits" researcher stated that investors behavior is influenced by many factors while making investment decisions and demographic factor is one of the important factor among them .researcher made an attempt to analyze the effect of demographic factors on investors level of risk tolerance. Research is based on primary data and various statistical tools were used to analyze data .Researcher concluded the study by stating that all age group prefer investment in insurance, PPF and bank deposit, income is also an important factor that influence the decision as low income group and middle age people preferred investment in insurance, NSC, PPF and deposits. Factors like income, age and qualification affect the investor's level of risk tolerance. Managers give better advice to the people on the basis of their demographic profile.

19. Geethu Gopi, D. Priyanka and R.Preetha (2018) " An insight into the savings and investment pattern of salaried people working in private sector of shipping industries at Ernakulam" Researchers attempted to study the investment preference of salaried people working in shipping industries in Ernakulam district. Study is based on primary data various statistical tool like correlation analysis, T- test, Chi Square and percentage analysis is used to analyze the data. According to them investment is path through which money move from area where it is surplus to the area where it is deficit. The Major finding of the study was that salaried class people now understand the significance of money that's why they planned their expenditure accordingly so that their money wouldn't spend on unnecessary things and the study evident that mostly savings of the salaried people directed towards their personal things like children's education, marriage and retirement plans.

20. Sachin Kumar Rohtagi, Dr P. C. Kavidayal, Dr Krishna Kumar Singh 2019 "A study of savings and investment patterns of Small Investors: A literature Review" study is focused on available literature on saving and investment pattern of small investors in Uttarakand region of India. Researcher try to find out the gap in the available literature. Researcher concluded the study by stating that small investors are heavily depend on their peer's advice for investment because of lack of financial literacy. There is need to provide a good study material to small investors so that they enhance their skill and make their own decisions.

21. Ankurita Bansal 1, Dr. Sunita Sukhija2 2019"A study on factor influencing Investment Patterns and behavior of individual investor in Punjab and Haryana: A Comparative Analysis" according to researcher money play significant role in everyone's life. For present and future needs it is important for one to invest their money. Investment is portion of money which have been saved from current consumption with the expectation that it will give some benefits in future. Nowadays various investment options are available for investing money like saving account, deposits, government bonds, mutual funds, real estate, shares etc for short term and long term investment. The choice of investor is influenced by no of factors but it also depend on the preference and behavior of investors. Primary data is used in the study and T Test and SPSS software is been used for analyzing the data. After analyzing the data researcher observed that there is no significant difference between the investment patterns of individual investors of Punjab and Haryana.

22. Ashish Dewan, R Gayathri, Rishi Dewan (2019) "A research on investment behavior of corporate and individual investors from southern India" researcher aims to identify the behavior of investor of corporate and individual investor and also make their comparative analysis. study is based on primary research, after analyzing the data researcher identify the four factors that influence the behavior of corporate and household individual these factors are company specific factors, investment related factors, investors related factors, market or environment related factors. From comparative analysis of corporate and household investors it is observed that corporate investors are interested in getting knowledge about market, SEBI rules, external environment and internal information of the company issuing securities. Investment behavior of Individual investors got affected by personal factors like savings, consumption pattern, knowledge, skills, risk bearing capacity, friends and relatives.

23. N. Geetha, M. Ramesh (2011): This study examines the factors responsible for investment behavior of people and different investment options available. Equity are high risk and high return investment with liquidity, debts are low risk and fixed return instruments, Mutual funds and bonds are low risk with normal returns instruments, Company deposits and bank deposits has low risk and low returns, post office savings, PPF and insurance policies are no risk investment with low returns, Real estate and Gold has no returns on investment but has capital appreciation.

24. Dr. D. Rajasekar (Sep 2013), has done a Study on Investor`s Preference towards Mutual Funds With Reference To Reliance Private Limited, Chennai - An Empirical Analysis. The data was analyzed using the statistical tools like percentage analysis, chi square, weighted average. The report was concluded with findings and suggestions and summary. From the findings, it was inferred overall that the investor are highly concerned about safety and growth and liquidity of investments. Most of the respondents are highly satisfied with the benefits and the service rendered by the Reliance mutual funds.

25. R.Kumar Gandhi and Dr. Perumal (2015): The objective for which the study was conducted was to analyse the performance of any mutual fund scheme offered in selected banks like SBI, CANARA BANK, ICICI bank and HDFC bank. They also studied the performance of mutual fund with the help of different parameters like standard deviation, Beta Sharpe ratio, Tenson alpha and NAV calculation mutual funds All the data used for the analysis are taken from the period June 2008 to the period June 2009.Among open ended (Tax Saving Scheme) the Canara ROBECOEQUITY Tax Saver scheme perform well in the banking sector. Whereas HDFC offered HDFC Tax Saver-Growth Scheme has a lower Variance and Standard deviation and that is less risky among taken banking tax saving schemes

CHAPTER – 3

THEORITICAL FRAMEWORK

3.1 MEANING AND DEFINITION

A mutual fund is a pool of money managed by a professional Fund Manager. It is a trust that collects money from a number of investors who share a common investment objective and invests the same in equities, bonds, money market instruments and/or other securities. And the income / gains generated from this collective investment is distributed proportionately amongst the investors after deducting applicable expenses and levies, by calculating a scheme's "Net Asset Value" or NAV. Simply put, the money pooled in by a large number of investors is what makes up a Mutual Fund. Mutual funds are ideal for investors who either lack large sums for investment, or for those who neither have the inclination nor the time to research the market, yet want to grow their wealth. The money collected in mutual funds is invested by professional fund managers in line with the scheme's stated objective. In return, the fund house charges a small fee which is deducted from the investment. The fees charged by mutual funds are regulated and are subject to certain limits specified by the Securities and Exchange Board of India (SEBI).

India has one of the highest savings rate globally. This penchant for wealth creation makes it necessary for Indian investors to look beyond the traditionally favoured bank FDs and gold towards mutual funds. However, lack of awareness has made mutual funds a less preferred investment avenue. Mutual funds offer multiple product choices for investment across the financial spectrum. As investment goals vary – post-retirement expenses, money for children's education or marriage, house purchase, etc. – the products required to achieve these goals vary too.

The Indian mutual fund industry offers a plethora of schemes and caters to all types of investor needs. Mutual funds offer an excellent avenue for retail investors to participate and benefit from the uptrends in capital markets. While investing in mutual funds can be beneficial, selecting the right fund can be challenging. Hence, investors should do proper due diligence of the fund and take into consideration the risk-return trade-off and time horizon or consult a professional investment adviser. Further, in order to reap maximum benefit from mutual fund investments, it is important for investors to diversify across different categories of funds such as equity, debt and gold. While investors of all categories can invest in securities market on their own, a mutual fund is a better choice for the only reason that all benefits come in a package.

WHAT IS NET ASSET VALUE (NAV) OF A SCHEME?

The performance of a particular scheme of a mutual fund is denoted by Net Asset Value (NAV). Mutual funds invest the money collected from the investors in securities markets. In simple words, Net Asset Value is the market value of the securities held by the scheme. Since market value of securities changes every day, NAV of a scheme also varies on day to day basis. The NAV per unit is the market value of securities of a scheme divided by the total number of units of the scheme on any particular date. For example, if the market value of securities of a mutual fund scheme is Rs 200 lakhs and the mutual fund has issued 10 lakhs units of Rs. 10 each to the investors, then the NAV per unit of the fund is Rs.20. NAV is required to be disclosed by the mutual funds on a regular basis – daily or weekly – depending on the type of scheme.

3.2 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:

THE FIRST PHASE (1964-1987)

The 1 phase started in 1963, with the establishment of Unit Trust of India (UTI) by the act of parliament .It operates under the regulatory and administrative control of the Reserve Bank of India (RBI), UTI was separated from RBI in 1978 and the regulatory and administrative control was taken over by The Industrial Development Bank of India (IDBI). The first mutual fund scheme was introduced by the UTI was Unit Scheme 1964 (US 64). UTI had an Asset under Management (AUM) of 2 6,700 crores at the end of the year 1988,

THE SECOND PHASE (1987-1993)

The 2nd phase started with the development of a public sector mutual fund set up by the public sector bank and the life Insurance corporation of India (LIC) and the General Insurance Corporation of India (GIC). In June 1987 State Bank of India (SBI) mutual fund was 1 non-UTI mutual fund accompanied by Can 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), the Life Insurance Corporation of India (LIC) established its mutual fund in June 1989 and General Insurance Corporation (GIC) also set up their mutual fund by Dec. 1990 and the industries AMU had reached 47,004 crores by the end of 1993. Securities and Exchange Board of India (SEBI) was established on 12 April 1988 and it was given statutory powers on 30 January 1992 through the SEBI Act, 1992. The formation of SEBI in India was to safeguard investors' rights and to strengthen them.

THE THIRD PHASE (1993-2003)

The 3 phase was started with the entry of private mutual fund players as erstwhile Kothari Pioneer mutual fund (now merged with Franklin Templeton) registered in July 1993. Now a new generation began in mutual fund Industries as the SEBI started regulating Indian mutual fund industries (except UTI). In 1998 the previous SEBI mutual fund regulation was replaced by a new comprehensive set of SEBI mutual fund regulation Act 1996, which is applicable at present. During this phase, there were several mergers and acquisitions and many foreign sponsors mutual funds were started operation in India. There were 33 mutual fund Assets Management Companies (AMC) with a total of 21, 21,805 crores, Assets under Management (AUM), from which individually UTI had AMU of 244,541 crores.

THE FOURTH PHASE (2003-APRIL 2014)

The mutual fund industries set foot in its fourth phase of consolidation with the revoke of UTI Act 1963 in February 2003. This led to the decoupling of UTI into two separate entities, l.e., the Specified Undertaking of the Unit Trust of India (SUUTI) and UTI mutual fund. This phase came across a global Economic collapse in 2009, which led to a financial crisis and several mergers were noted among private-sector mutual funds. Most of the investors have lost their faith in mutual fund products, the industry's growth was interrupted due to global meltdown and there was sluggish growth in mutual fund AUM between 2010 to 2013.

<u>THE FIFTH PHASE (MAY 2014 ONWARDS)</u>

In the 5 phase the SEBI has initiated several progressive regulatory measures in September 2012, as a result of which the industry has observed regular inflows and increases in the AUM. The SEBI's regulatory measures amplified the distribution networks and included many new personnel from postal agents, retired government officials, and bank officers. The accessibility of mutual fund improved with greater transparency, which enhance the number of investor's folios.

3.3 ORGANISATIONAL STRUCTURE OF MUTUAL FUNDS

In Indian context, there are mainly four parties to a Mutual Fund – the Sponsor, the Asset Management Company (AMC), the Trustees and the Custodian. The Sponsor is the company, which set up the mutual fund as per the provisions laid down by the Securities Exchange Board of India (SEBI). SEBI mainly fixes the criteria for sufficient experience, net worth and past track records in terms of fair dealings and integrity. Only those who qualify in terms of those criteria are permitted by SEBI to set up a mutual fund. An Asset Management Company (AMC) approved by SEBI manages the funds by making investments in various types of securities. According to Regulation 2(d) of SEBI (Mutual Fund) Regulations, 1993 an "Asset Management Company" means a company formed and registered under the Companies Act, 1956 and approved by the Board under Regulation 20 An asset management company is a joint stock company. It is promoted and sponsored by financial institutions or bank or LIC, GIC etc. Such AMC must be approved by SEBI under Regulation 20. The application for the approvalof the AMC shall be made in form A. Memorandum of association and Articles ofAssociation of the AMC should be submitted to the board for approval.

Appointment of AMC

Sponsor shall appoint the AMC. The Board approves an AMC. It is created to manage the affairs of the Mutual Fund and operate the schemes of such fund. The appointment of an AMC can be terminated by majority of the trustees or by 75% of the limit of the unit holders of the scheme. The Trust oversees the performance of the AMC. The AMC employs professionals to manage the funds. A Custodian and a registrar may assist the Asset Management Company.

AMCs are obliged to make investments in compliance with SEBI regulations. SEBI regulations specify certain restrictions and limits for investments that can be made by mutual fund. Further, SEBI regulations require that every scheme of a fund should have an investment objective and an investment pattern. AMC controls the operations and functioning of a mutual fund.

Objectives of AMC

The main objective of AMC is to manage the assets of the mutual fund and other activities itcan carry out, such as, financial services consultancy which do not conflict with the fund management activity and are only secondary and incidental. The Trustee of the mutual fund holds the property for the benefit of the unit holders. The trustees are vested with the general powers of superintendence and direction over Asset

Management Company. They monitor the performance and compliance of SEBI Regulations by the mutual fund. All mutual funds are required to be registered with SEBI before they launch any scheme. The Custodian, who is registered with SEBI, holds the securities of various schemes of the fund in its custody.

Registrar and Transfer Agent

The AMC if so authorized by the trust deed appoints the Registrar and Transfer Agent to the Mutual Fund. The registrar processes the application form, redemption requests and dispatches accounts statements to the unit holders. The registrar and the transfer agent handle communications with investors and updates investor records.

3.4 TYPE OF MUTUAL FUND SCHEMES

Mutual funds come in many varieties, designed to meet different investor goals. Mutual funds can be broadly classified based on –

1. Schemes Based on Maturity Period:-

Open ended, Close ended, Interval

A. Open ended funds

This scheme allows investors to buy or sell units at any point in time. It does not have a fixed maturity date either. You deal directly with the Mutual Fund for your investment and redemption .The key feature is liquidity. You can conveniently buy or sell your units at net asset value (“NAV”) related prices. The majority of mutual funds, 59% approximately are open-end funds.

B.Close Ended funds

This type of scheme has a stipulated maturity period and investors can invest only during the initial launch period known as the New Fund Offer (NFO).Once the offer closes, no new investments are permitted. The market price at the stock exchange could vary from the scheme’s Net Asset Value (NAV), because of the demand and supply situation, unit holder’s expectations and other market factors. Some close ended schemes will give you an additional option of selling your units directly to the mutual funds through periodic repurchase at NAV related prices. SEBI Regulations ensure that at least one of the two exit routes are provided to the investor.

C. Interval funds

It operates as a combination of open and closed ended scheme, it allows investors to trade units at predefined intervals. They may be traded on the stock exchange or they may even be open for sale or redemption during pre-determined intervals at NAV related prices. When it comes to selecting a scheme to invest in, one should look for customized advice. Choose the scheme that provides the right combination of growth, stability and income, keeping your risk appetite in mind.

3. Based on Principal Investments

One of the most important points in the circular is that different Mutual Funds schemes should be clearly distinct in terms of investment strategy and asset allocation. The schemes will be broadly classified into following categories

A.Equity scheme

B.Debt scheme

C.Hybrid scheme

D.solution oriented schemes

E.Other scheme

A.EQUITY FUND

Equity Funds invest in the shares of different companies. The fund manager tries to offer great returns by spreading his investment across companies from different sectors or with varying market capitalizations. Typically, equity funds are known to generate better returns than term deposits or debt-based funds. There is an amount of risk associated with these funds since their performance depends on various market conditions. There are various ways of categorizing equity funds.

Large cap funds:-which typically invest a minimum of 80% of their total assets in equity shares of large-cap companies (the top 100). These schemes are considered to be more stable than the mid-cap or small-cap focused funds.

Mid-Cap Funds - which usually invest around 65% of their total assets in equity shares of mid-cap companies (101-250th placed companies according to market capitalization). These schemes tend to offer better returns than the large-cap schemes but are also more volatile than them.

Small-Cap Funds - which typically invest around 65% of their total assets in equity shares of small-cap companies (251st and below placed companies according to market capitalization). This is a huge list and more than 95% of all companies in India fall into this category. These schemes tend to offer great returns than the large-cap and mid-cap schemes but are also highly volatile.

Multi-Cap Funds - which usually invest around 65% of their total assets in equity shares of large-cap, mid-cap and small-cap companies in varying proportions. In these schemes, the fund manager keeps rebalancing the portfolio to match the market and economic conditions as well as the investment objective of the scheme. Which usually invest around 65% of their total assets in equity shares of large-cap, mid-cap and small-cap companies in varying proportions. In these schemes, the fund manager keeps rebalancing the portfolio to match the market and economic conditions as well as the investment objective of the scheme.

Large and Mid-Cap Funds - which usually invest around 35% of their total assets in equity shares of mid-cap companies and 35% in large-cap companies. These schemes offer a great blend of lower volatility and better returns.

B.DEBT FUND

Debt funds invest in securities which generate fixed income like treasury bills, corporate bonds, commercial papers, government securities, and many other money market instruments. All these instruments have a pre-decided maturity date and interest rate that the buyer can earn on maturity – hence the name fixed-income securities. The returns are usually not affected by fluctuations in the market. Therefore, debt securities are considered to be low-risk investment options.

Types of Debt Funds

Based on the maturity period, debt funds can be classified into the following types:

Liquid Fund – which invests in money market instruments having a maturity of maximum 91 days. Liquid funds tend to offer better returns than savings accounts and are a good alternative for short-term investments.

Money Market Fund – which invests in money market instruments with a maximum maturity of 1 year. These funds are good for investors seeking low-risk debt securities for a short-term.

Dynamic Bond Fund instruments of varying maturities based on the interest rate regime. These funds are good for investors with moderate risk tolerance and an investment horizon of 3 to 5 years.

Corporate Bond Fund which invests a minimum of 80% of its total assets in corporate bonds having the highest ratings. These funds are good for investors with lower risk tolerance and seeking to invest in high- quality corporate bonds.

Banking and PSU Fund – which invests at least 80% of its total assets in debt securities of PSUS (public sector undertakings) and banks.

Gilt Fund which invests a minimum of 80% of its investible corpus in government securities across varying maturities. These funds do not carry any credit risk. However, the interest rate risk is high.

Credit Risk Fund – which invests a minimum of 65% of its investible corpus in corporate bonds having ratings below the highest quality corporate bonds. Therefore, these funds carry an amount of credit risk and offer slightly better returns than the highest quality bonds.

Floater Fund – which invests a minimum of 65% of its investible corpus in floating rate instruments. These funds carry a low interest-rate risk.

Overnight Fund which invests in debt securities having a maturity of 1 day. These funds are considered to be extremely safe since both credit risk and interest rate risk is negligible.

Ultra-Short Duration Fund which invests in money market instruments and debt securities in a manner that the Macaulay duration of the scheme is between three and six months.

Low Duration Fund – which invests in money market instruments and debt securities in a manner that the Macaulay duration of the scheme is between six and twelve months.

Short Duration Fund which invests in money market instruments and debt securities in a manner that the Macaulay duration of the scheme is between one and three years.

Medium Duration Fund which invests in money market instruments and debt securities in a manner that the Macaulay duration of the scheme is between that the Macaulay duration of the scheme is between three and four years.

Medium to Long Duration Fund – which invests in money market instruments and debt securities in a manner that the Macaulay duration of the scheme is between four and seven years.

Long Duration Fund – which invests in money market instruments and debt securities in a manner that the Macaulay duration of the scheme is more than seven years.

C.Hybrid funds

Hybrid funds are considered to be riskier than debt funds but safer than equity funds. They tend to offer better returns than debt funds and are preferred by many low-risk investors. Further, new investors who are unsure about stepping into the equity markets tend to turn towards hybrid funds. This is because the debt component offers stability while they test the equity ‘waters’. Hybrid funds allow investors to make the most out of equity investments while cushioning themselves against extreme volatility in the market. Since every hybrid fund can have a different asset allocation between equity and debt, they can be classified into the following types:

Equity-oriented Hybrid Funds

An equity-oriented hybrid fund invests at least 65% of its total assets in equity and equity-related instruments of companies across various market capitalizations and sectors. The remaining 35% is invested in debt securities and money market instruments.

Debt-oriented Hybrid Funds

A debt-oriented hybrid fund invests at least 60% of its total assets in fixed-income securities like bonds, debentures, government securities, etc. The remaining 40% is invested in equity. Some funds also invest a small part of their corpus in liquid schemes.

Balanced Funds

These funds invest a minimum of 65% of their total assets in equity and equity-related instruments and the rest in debt securities and cash. For taxation, they are considered to be equity funds and offer tax exemption on long-term capital gains of up to Rs. 1 lakh. The fixed income component makes it a good option for equity investors as it helps mitigate the volatility of equity investments.

Monthly Income Plans

Monthly Income Plans are hybrid funds which primarily invest in fixed income securities and allocate a small portion of their corpus to equity and equity-related instruments. This allows these plans to generate better returns than pure debt schemes and allows the fund to offer regular income to investors. Most plans also offer a growth option where the income grows in the fund’s corpus.

Arbitrage Funds

Arbitrage funds buy stocks at a lower price in one market and sell it at a higher price in another. The fund manager constantly keeps looking for arbitrage opportunities and maximize the fund’s returns. However, there are times when good arbitrage opportunities are not available. During such times, the fund invests primarily in debt securities and cash. Arbitrage funds are considered to be as safe as debt funds. However, long-term capital gains are taxed like equity funds.

CLASSIFICATION BY INVESTMENT OBJECTIVES

Mutual funds offer products that cater to the different investment objectives of the investors such as –

1. Capital Appreciation (Growth)

2. Capital Preservation

3. Regular Income

4. Liquidity

5. Tax-Saving

Mutual funds also offer investment plans, such as Growth and Dividend options, to help tailor the investment to the investors' needs.

GROWTH FUNDS

Growth Funds are schemes that are designed to provide capital appreciation. Primarily invest in growth oriented assets, such as equity Investment in growth-oriented funds require a medium to long-term investment horizon. Historically, Equity as an asset class has outperformed most other kind of investments held over the long term. However, returns from Growth funds tend to be volatile over the short-term since the prices of the underlying equity shares may change. Hence investors must be able to take volatility in the returns in the short-term.

INCOME FUNDS

The objective of Income Funds is to provide regular and steady income to investors. Income funds invest in fixed income securities such as Corporate Bonds, Debentures and Government securities. The fund's return is from the interest income earned on these investments as well as capital gains from any change in the value of the securities. The fund will distribute the income provided the portfolio generates the required returns. There is no guarantee of income. The returns will depend upon the tenor and credit quality of the securities held.

LIQUID / OVERNIGHT /MONEY MARKET MUTUAL FUNDS

Liquid Schemes, Overnight Funds and Money market mutual fund are investment options for investors seeking liquidity and principal protection, with commensurate returns. The funds invest in money market instruments* with maturities not exceeding 91 days. The return from the funds will depend upon the short-term interest rate prevalent in the market. These are ideal for investors who wish to park their surplus funds for short periods. Investors who use these funds for longer holding periods may be sacrificing better returns possible from products suitable for a longer holding period.

Solution-Oriented Schemes

Solution-oriented mutual funds facilitate investment for preservation of corpus or capital appreciation to fund specific expenses in the future, such as retirement, marriage or education of children, etc. Fund managers of solution-oriented schemes take into account the financial goals, expected returns, as well as risk aptitude of investors, to furbish a portfolio generating highest yields at par with their expectations.

The Securities Exchange Board of India (SEBI) has declared five primary classifications of mutual funds available in India- equity funds, debt, balanced hybrid portfolios, solution-oriented funds, and others. Under solution-oriented funds, individuals get the benefit of choosing customised portfolios based on the risk associated and the primary goal of an investment.

Types of Solution-Oriented Mutual Funds in India

The various types of solution-oriented schemes offered by asset management companies depend upon the purpose of investment, respectively. Most financial institutions offer such mutual funds under the following titles –

Retirement planning mutual fund

Most AMCs offer systematic investment plans for investing in such mutual funds, wherein the amount can be used to procure equity or debt tools, as per the risk aptitude of investors. Also, such tools come with a mandatory lock-in period of five years, without the benefit of premature withdrawals. Such stringent lock-in period aims to ensure individuals keep the corpus for a stipulated amount of time for maximum gains.

Children's gift mutual fund

Such SEBI mandated mutual funds are primarily chosen by individuals for capital appreciation of the corpus invested. Returns generated through such schemes can be used to fund higher education costs and marriage expenses of children, or for other corresponding funding requirements.

3.5 THERE ARE TWO TYPE OF INVESTMENT IN MUTUAL FUND:

1. SIP: Under Systematic Investment Plans (SIPs), the investor invests a specific sum of money at regular intervals. This specific amount is directly deducted from the investor's bank account. It disregards the timing of the market.

Advantages of SIP are:

- Investment discipline
- Mitigation of risk
- Flexibility
- Hassle free

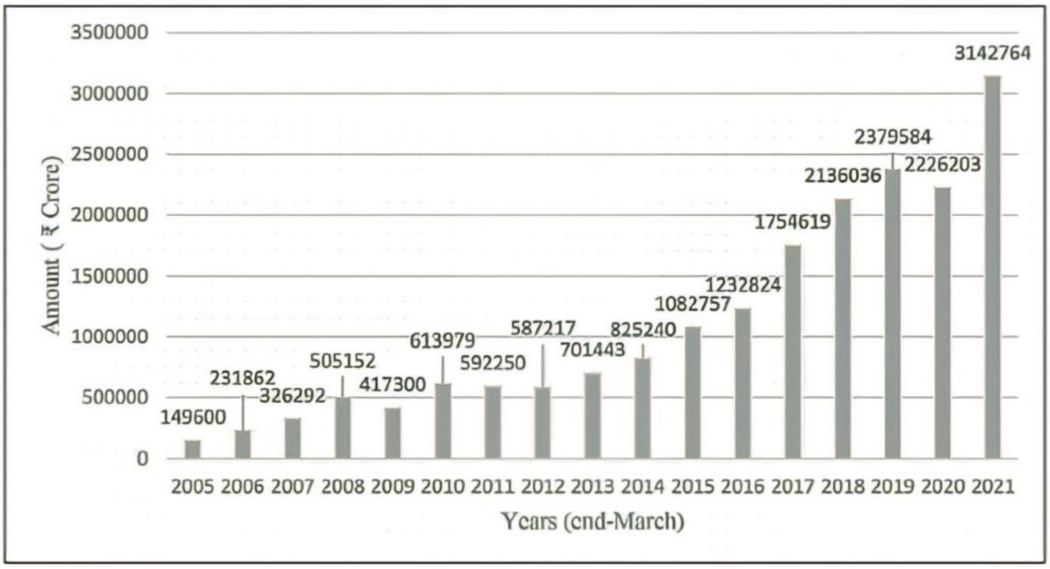
2. Lump Sum: These investments allow the investor to purchase the number of units he wants at one go. This method is usually chosen to create extra wealth and liquidity. Lump sum method makes use of the timing of the market strategy.

Advantages of Lump Sum are:

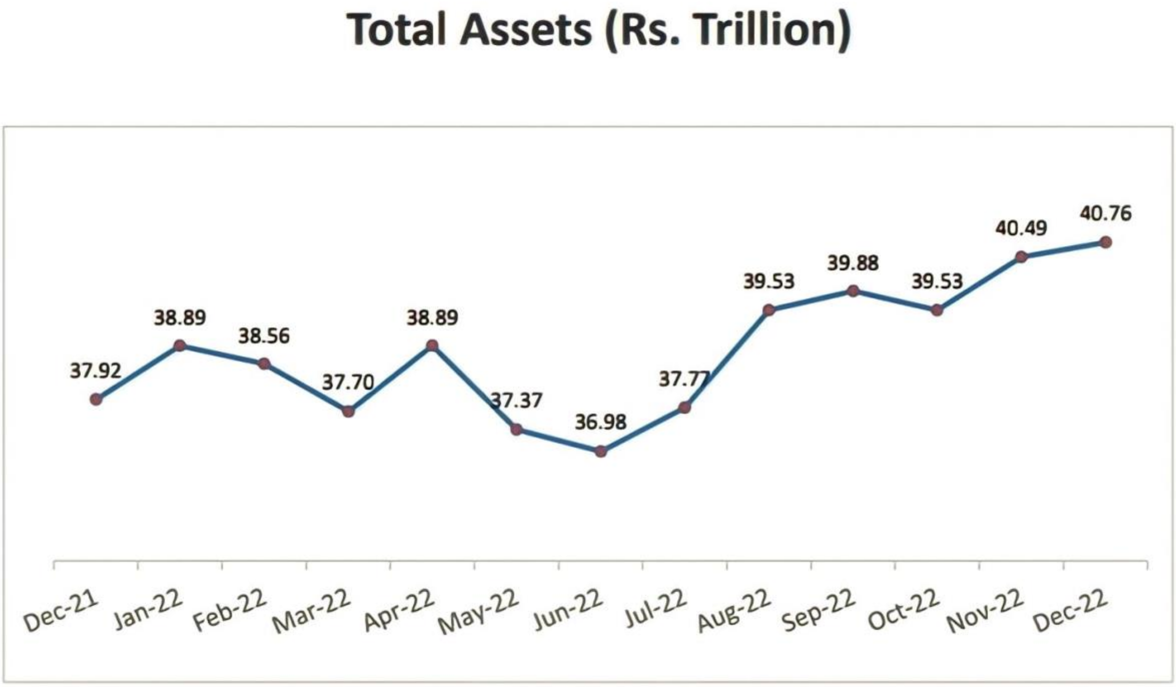
- Investment of big amount
- Ideal for long term
- Convenient one time payment

3.6 RECENT TRENDS IN RESOURCE MOBILISATION

The mutual fund industry has come a long way with current net Assets under Management (AMU) as of 31 March 2021 being 31,42,763,54 crore. For the first time the Indian mutual fund industries breakthrough the AUM of 10 lakh crore on 31 May 2014. Within three years of a short period, the AMU size had enlarged to 20 lakh crores in August 2017.By the side of November 2020, the AUM size of the mutual fund industry achieves a landmark and crossed 30 lakh crores. The overall amount of the mutual fund industry’s AUM has grown from 7.31,000 crores as of 31 May 2011 to 33,06,000 crores as of 31 May 2021, within 10 years there is a growth of 4.5 times (Exhibit: 1). The average annual funds assembled by the mutual fund industry were notably higher at 1,802,003.83 crores for the period 2015-20 as against 733,814.33 crores during 2010-15. However, for the period 2020, there was a decrease in fund mobilization because of excessive net outflows due to higher redemptions pressure by institutional investors. In the financial year 2021, the Indian's mutual fund industry's Assets under Management (AMU) to Gross Domestic Product (GDP) ratio have reached an unprecedented level of 15.4 percent, which is backed by the outstanding performance of the stock markets in the current financial year (Exhibit: 2). In March 2020, due to the effect of Covid-19, the crash in the Indian stock market this ratio has plunged to a 4-year-low of 10.9 percent.

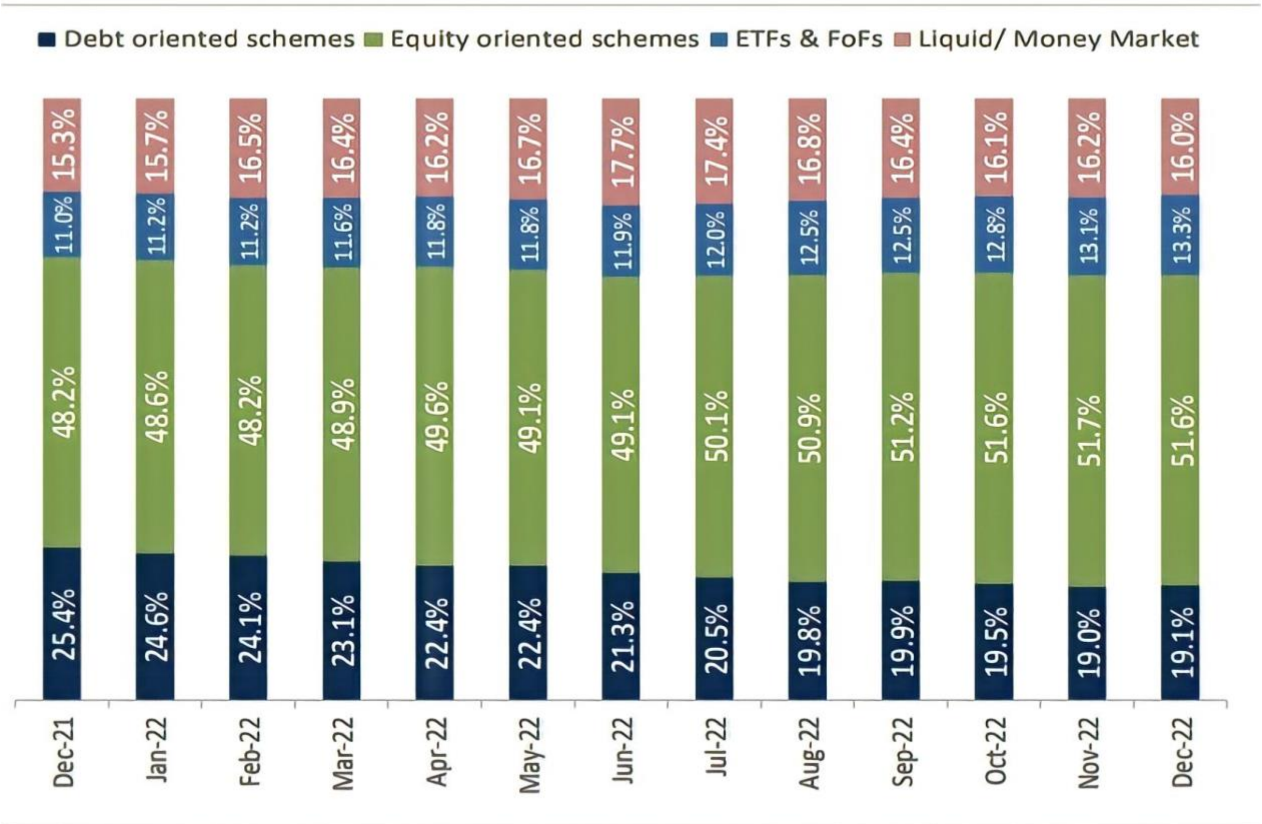


Assets managed by the Indian mutual fund industry has increased from Rs. 37.92 trillion in Dec 2021 to Rs. 40.76 trillion in Dec 2022. That represents 7.50% increase in assets over Dec 2021



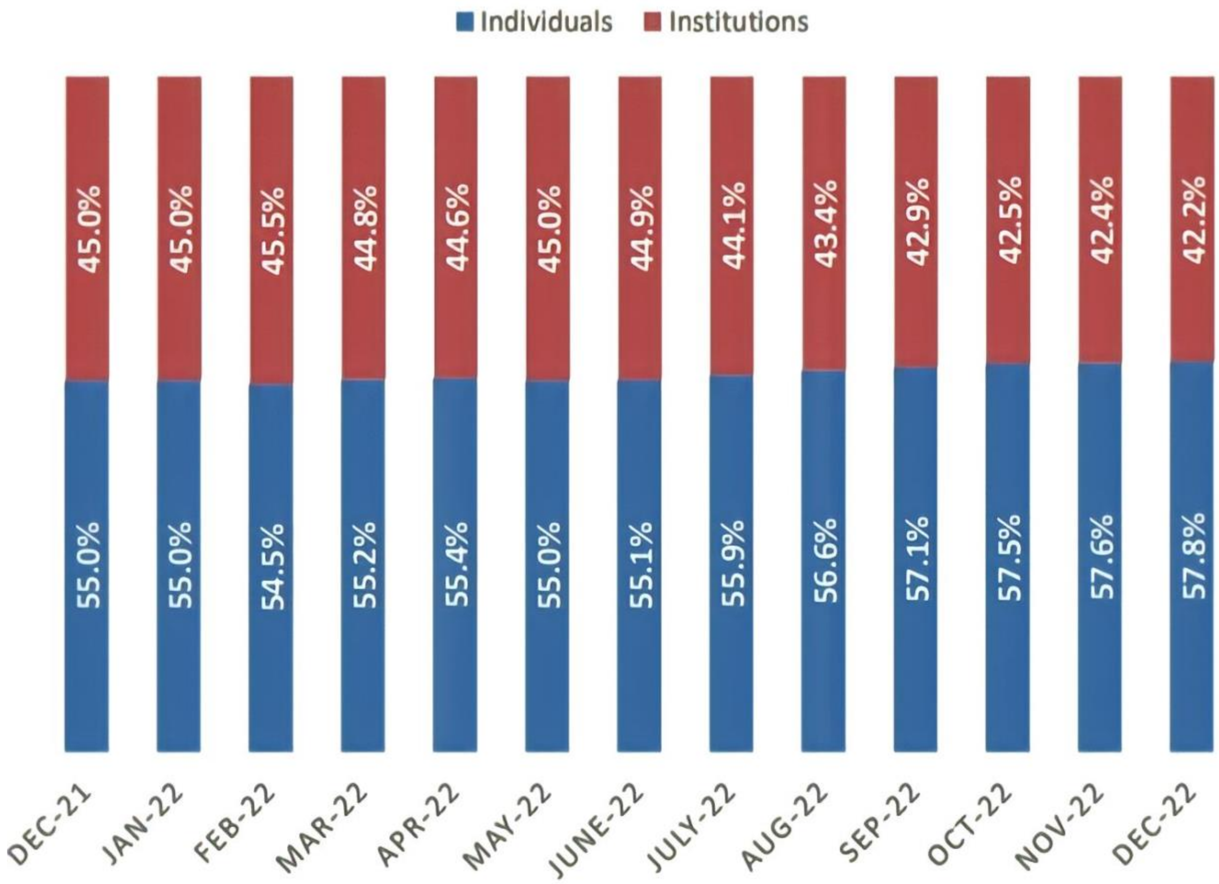
Scheme wise Composition of Assets

The proportionate share of equity-oriented schemes is now 51.6% of the industry assets in Dec 2022, up from 48.2% in Dec 2021.The proportionate share Of debt-oriented schemes is 19.1% of industry assets in Dec 2022, down from 25.4% in Dec 2021.Significant increase in ETF market share from 11.0% in Dec 2021 to 13.3% in Dec 2022.



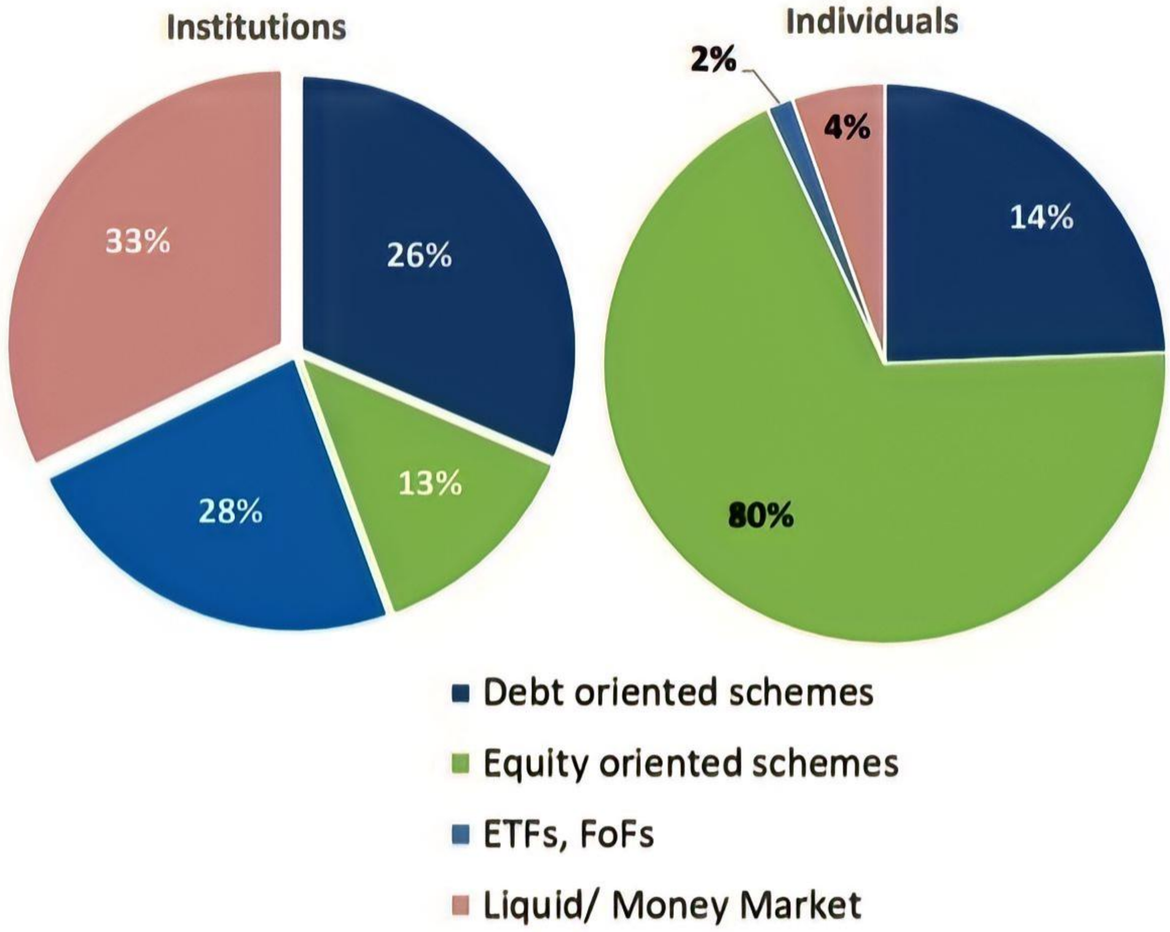
Investor Type-wise Composition of Mutual Fund Assets

Individual investors now hold a relatively higher share of industry assets, i.e. 57.8% in Dec 2022, compared with 55.0% in Dec 2021.Institutional investors account for 42.2% of the assets, of which corporates are 97%. The rest are Indian and foreign institutions and banks.



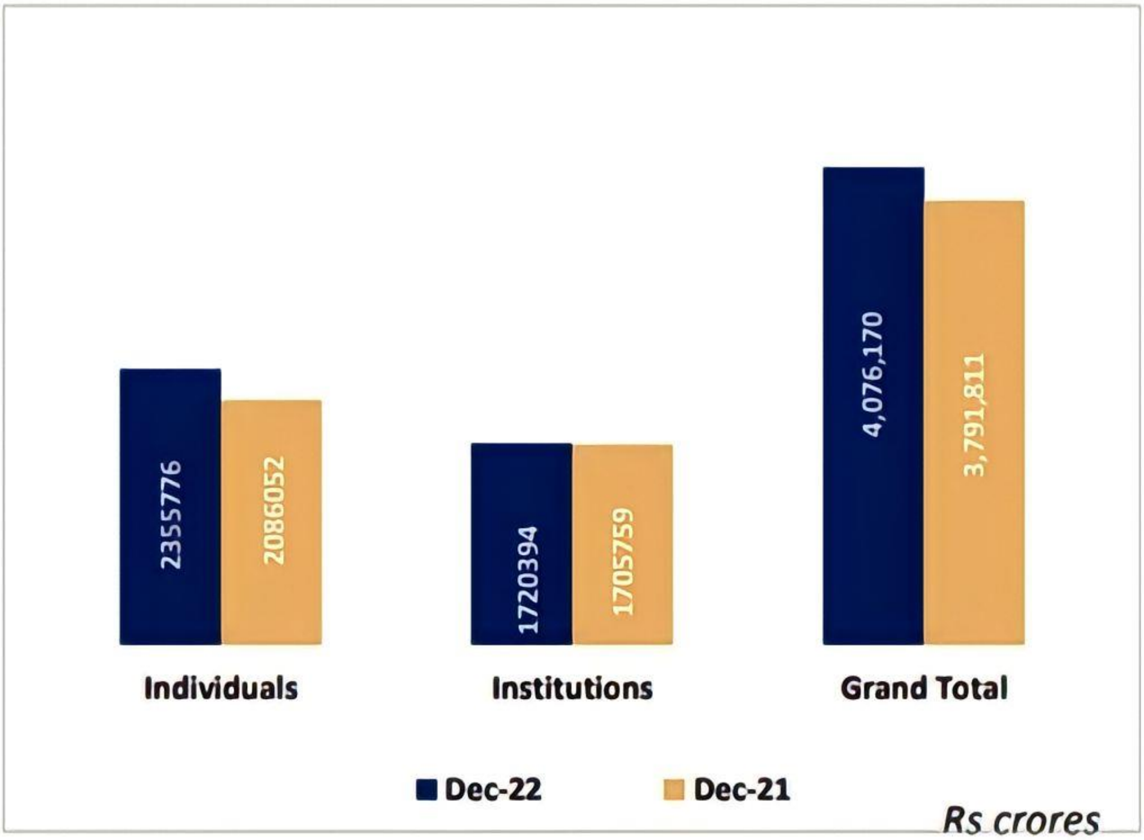
Composition of Investors' Holdings

Individual investors primarily hold equity-oriented schemes while institutions hold liquid, debt-oriented schemes and ETFs, FoFs. 80% of individual investor assets are held in equity-oriented schemes,59% of institutions assets are held in liquid/ money market schemes and debt-oriented schemes.



Growth in Assets

The value of assets held by individual investors in mutual funds increased from Rs.20.86 lac cr in Dec 2021 to Rs. 23.56 lac cr in Dec 2022, an increase of 12.93%. The value of Institutional assets has increased from Rs.17.06 lac cr in Dec 2021 to Rs.17.20 lac cr in Dec 2022 an increase of 0.86%.



The resource mobilization by the public sector mutual fund industry in India is mainly divided into two categories i.e., the UTI and others. The total assets mobilized by public Sector mutual funds are increased from ₹1,64,994.88 in the year 2015 to ₹ 5,47,775.68 on 31st March 2021, with a share of 17.43 percent in total assets. The participation of UTI in total assets is ₹ 1,17,806.12 with a share of 5.29 percent as of 31st March 2020.

At end-March 2018, there were 45 MF companies registered with the SEBI which managed an AUM of `21,360.4 billion. Of the total AUM, 83 per cent was held by private sector MFs and 17 per cent by public sector MFs. The ratios of AUM of MFs to GDP and net mobilisation by MFs to gross domestic savings have increased significantly over the years. This remarkable transformation has greatly facilitated shifts in household saving patterns. Indian households, which contributed 54.0 per cent of the gross savings of the economy in 2016-17, have historically been risk-averse, preferring investments in physical assets and gold. However, this pattern is slowly changing in the backwash of demonetisation in November 2016 and shifts towards MFs have become large. With increasing development of the financial sector, the household sector's savings in physical assets and gold & silver ornaments taken together declined significantly from 60 per cent in 2011-12 to 51 per cent in 2016-17.

MFs appear to have emerged as a preferred Investment avenue for individuals as well as corporates. While the flow of resources to banks generally declined the period 2013-18, the flow of resources to savings schemes registered modest increase. In comparison, the flow of resources to MFs and Insurance companies registered a significant increase. During the period 2013-2018, the CAGR of bank deposits and small savings Were 11 per cent and 6 per cent, respectively, which was much lower than CAGR of AUM of MFs (25 per cent). Bank term deposits by corporates registered a much Lower CAGR of 2 per cent during 2013-2017. Along With increasing levels of economic development, deep and liquid capital markets and sound regulations are catalysing the change in preference of investors not ns pressure by institutional investors. Catalysing the change in preference of investors not only from metro cities but also from small cities. MF investments are also becoming broad-based in terms of spatial distribution and investor profile. The bank deposit rates on 1-3 years declined by 250 basis points from 9.25 per cent in 2013-14 to 6.75 per cent in 2017-18. Similarly, interest rates on post office monthly income scheme and NSC VIII issue declined by 80 basis points and 60 basis points, respectively, during the same period On the other hand, the CRISIL - AMFI Mutual Fund Performance Indices, which track the performance of various MFs adjusted for corporate actions, show that the returns on broader schemes.

By the side of November 2020, the AUM size of the mutual fund industry achieves a landmark and crossed 30 lakh crores. The overall amount of the mutual fund industry's AUM has grown from ₹7,31,000 crores as of 31 May 2011 to 33,06,000 crores as of 31 May 2021, within 10 years there is a growth of 4.5 times. The average annual funds assembled by the mutual fund industry were notably higher at 21,802,003.83 crores for the period 2015-20 as against 733,814

33 crores during 2010-15. However, for the period 2020, there was a decrease in fund mobilization because of excessive net outflows due to higher redemption In the financial year 2021, the Indian's mutual fund industry's Assets under Management (AMU) to Gross Domestic Product (GDP) ratio have reached an unprecedented level of 15.4 percent, which is backed by the outstanding performance of the stock markets in the current financial year (Exhibit: 2). In March 2020, due to the effect of Covid-19, the crash in the Indian stock market this ratio has plunged to a 4 year low of 10.9 percent

Before the outbreak of covid-19, the AUM to GDPratio had risen continuously over the six financial years and made a peak of 12.5 percent. There is a considerable increase in the ratios of AUM of mutual funds to GDP over the year. In the financial year 2021, the mutual fund AUM to total bank deposit ratio has been increased to a new high of 21.3 percent

The MF industry in India has emerged over time as one of the fastest growing and competitive segments of the financial system. Notwithstanding higher risks in such investments, MFs have been attracting investors due to their professional management and the scope for earning better returns relative to traditional saving instruments. A robust regulatory framework that is guided by the goal of protecting the interest of investors has also contributed to the shift in preference of households away from alternative financial and physical modes of savings in favour of MFs. The SEBI's regulatory reform initiatives such as strengthening of the distribution network, greater disclosure requirements from AMCs, and increased emphasis on investor education and awareness have also helped in deepening MF penetration in India. MFs as an asset class is maturing in India with broad-basing of investors and increasing geographical spread. MFs in India have become major players in the equity and corporate bond markets, besides providing crucial liquidity support to the money market, given that they are the biggest lenders in the CBLO segment. As a result, their ability to influence price movements in equity and debt markets as also domestic liquidity conditions has increased over time. Notwithstanding 25 per cent CAGR in AUM over the last five year, a comparison with the current state of global MF industry suggests that the penetration level of MFs India needs to increase on a sustained basis with wider participation of retail investors. The mutual fund is one of the important investment instruments in the Indian financial market.

Mutual funds facilitate efficient channelization of savings and expand investment opportunities. This industry is among the fastest-growing and profitable segments in the Indian financial System. In recent years the SEBI's regulatory and reform initiatives like an emphasis on investor Education and financial awareness, greater disclosure from assets management companies helps in the development of mutual fund industries. The Assets under Management (AUM) of the Mutual fund industry stood at ₹ 31,24, 764 Crores in the financial year 2020-2021. Even though the Indian mutual fund industry is still far behind the global financial market. “In the long term, i.e., between March 2021 and March 2026, the overall industry’s AUM is projected to sustain a high growth trajectory of 11-13 percent compounded annual growth rate, reaching ₹ 57 trillion,” (CRIS Average Assets Under Management (AAUM) of Indian Mutual Fund Industry for the month of December 2022 stood at 40,76,171 crore.

Assets Under Management (AUM) of Indian Mutual Fund Industry as on December 31, 2022 stood at 39,88,735 crore.The AUM of the Indian MF Industry has grown from 7.60 trillion as on December 31, 2012 to 39.89 trillion as on December 31, 2022 more than 5 fold increase in a span of 10 years.The MF Industry's AUM has grown from * 21.27 trillion as on December 31, 2017 to ₹39.89 trillion as on December 31, 2022, around 2 fold increase in a span of 5 years.The Industry's AUM had crossed the milestone of ₹10 Trillion (10 Lakh Crore) for the first time in 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 Industry AUM stood at $39.89 Trillion (39.89 Lakh Crore) as on December 31, 2022. The mutual fund industry has crossed a milestone of 10 crore folios during the month of May 2021.The total number of accounts (or folios as per mutual fund parlance) as on December 31, 2022 stood at 14.11 crore (141.1 million), while the number of folios under Equity, Hybrid and Solution. Oriented Schemes, wherein the maximum investment is from retail segment stood at about 11.29 crore (112.9 million).IL research).

CHAPTER – 4

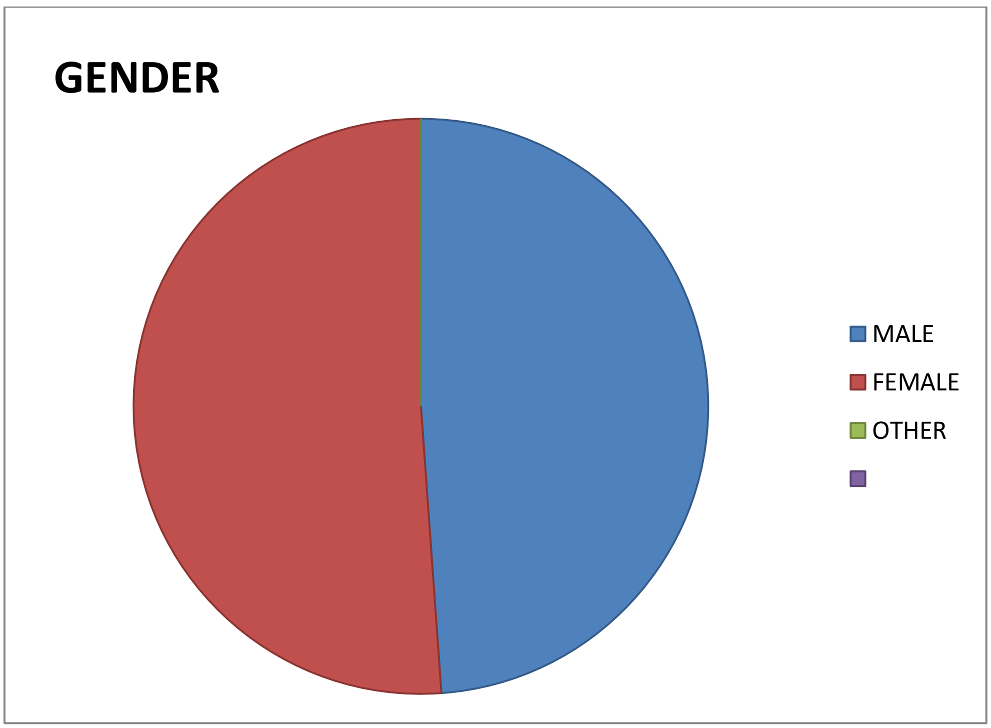
DATA ANALYSIS AND INTERPRETATION

TABLE 4.1

GENDER

CATEGORY	NUMBER OF RESPONDANTS
MALE	43
FEMALE	47
OTHERS	NIL
TOTAL	**90**

FIGURE 4.1



INTERPRETATION

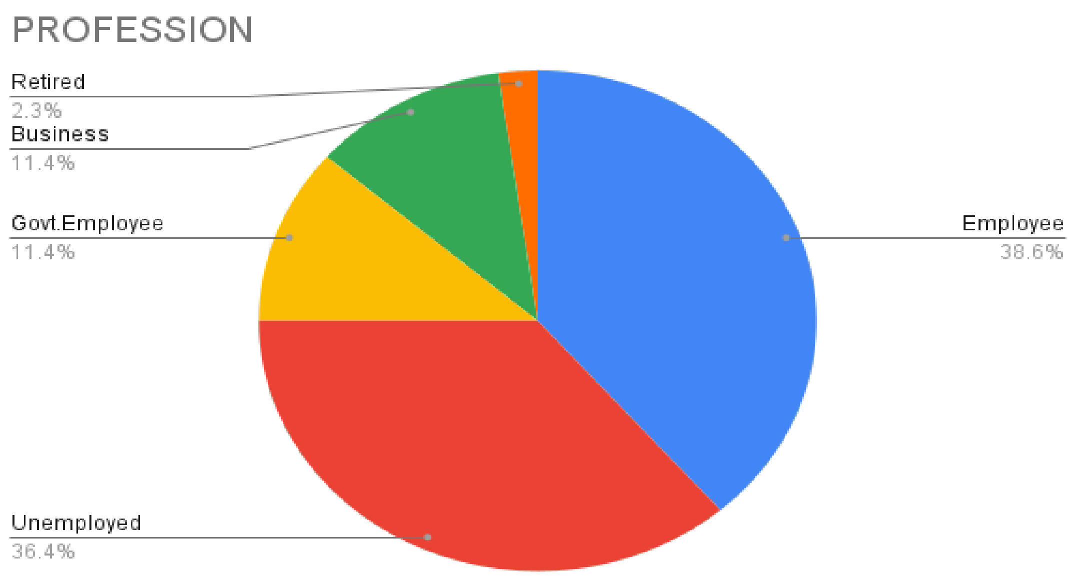
In this figure, 47of respondents are female and 43 respondents are male.

TABLE 4.2

PROFESSION

CATEGORY	NO.OF RESPONDENT
BUSINESS	10
GOVT.EMPLOYEE	10
EXECUTIVE	NIL
RETIRED	1
EMPLOYEE	38
UNEMPLOYED	31

FIGURE 4.2



INTERPRETATION

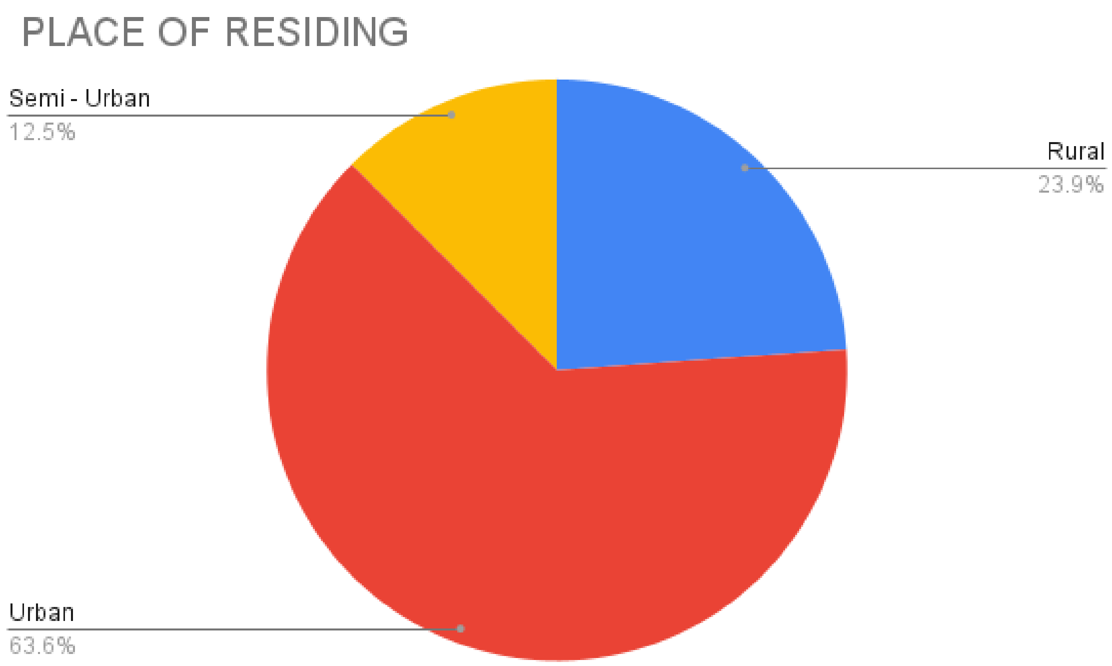
In this figure 38.6% respondents are Employee, 36.4% are Unemployed, 11.4% are Gov. Employee and 11.4% respondents are doing Business.

TABLE 4.3

PLACE OF RESIDENCE

CATEGORY	NO.OF RESPONDENT
URBAN	58
RURAL	21
SEMI - URBAN	11

FIGURE 4.3



INTERPRETATION

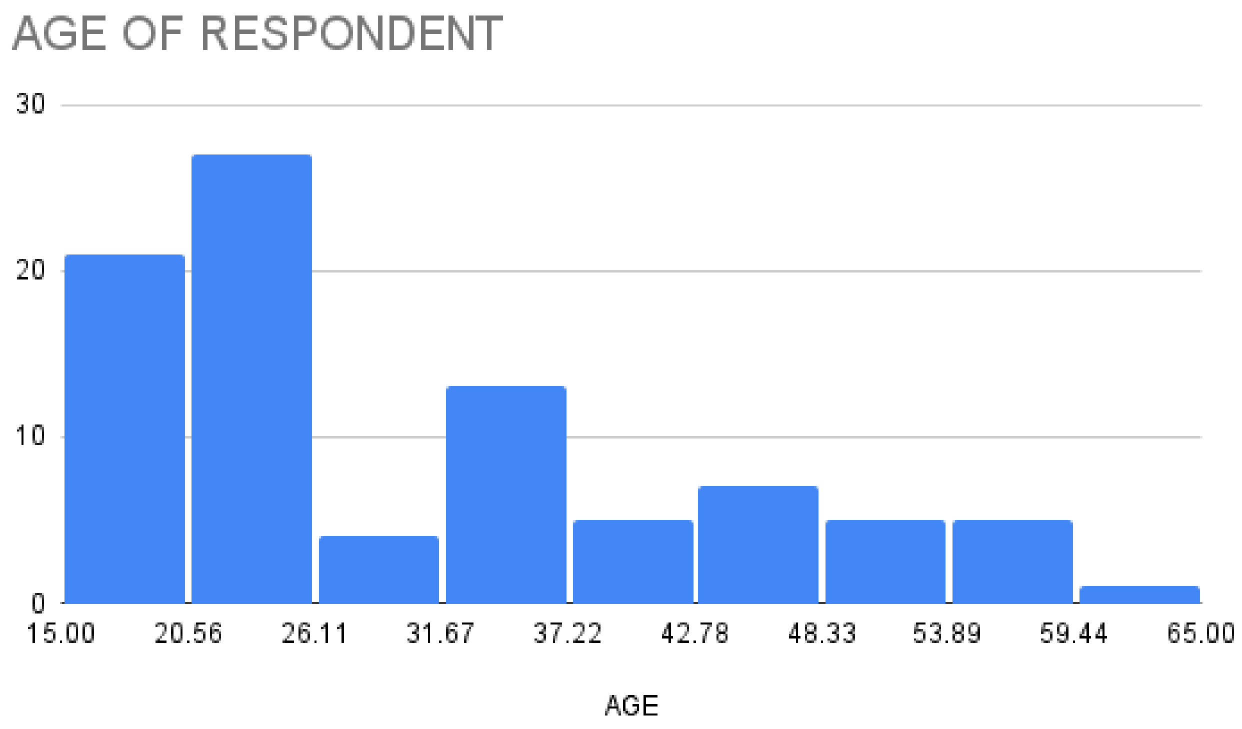
In this chart 63.6%of respondents are from urban area and 23.9% are from rural area and 12.5% are from semi- urban area.

TABLE 4.4

AGE

AGE CATEGORY	NO.OF RESPONDENT
20-40	66
40-60	24
60-80	NIL

FIGURE 4.4



INTERPRETATION

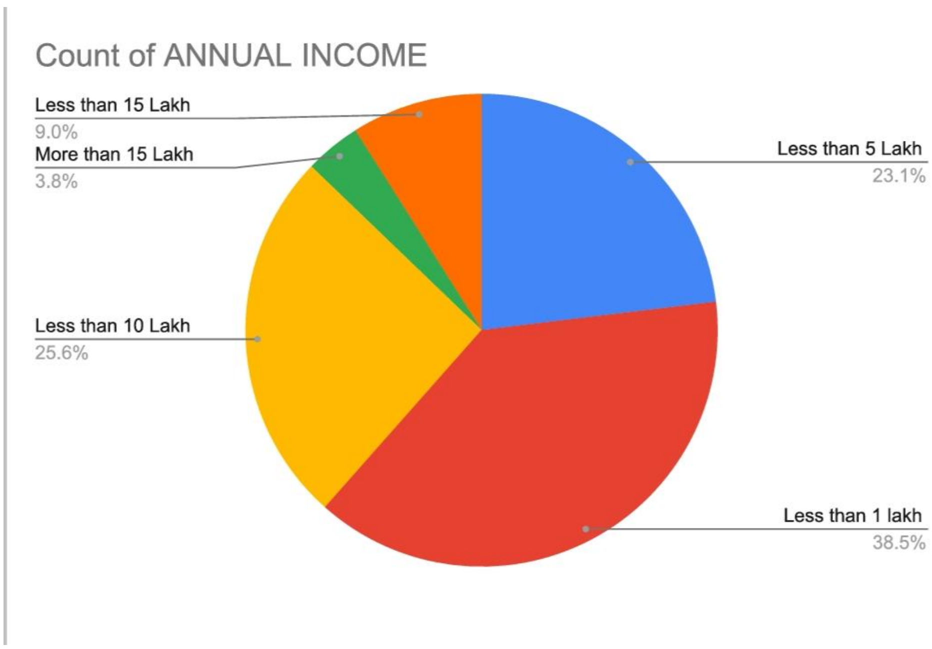
In this figure a major portion of respondents are from the age category 20-40.

TABLE 4.5

ANNUAL INCOME

CATEGORY	NO.OF RESPONDENTS
LESS THAN 1 LAKH	38.5%
LESS THAN 5 LAKH	23.1%
LESS THAN 10 LAKH	25.6%
LESS THAN 15 LAKH	3.8%
MORE THAN 15 LAKH	9.0%

FIGURE 4.5



INTERPRETATION

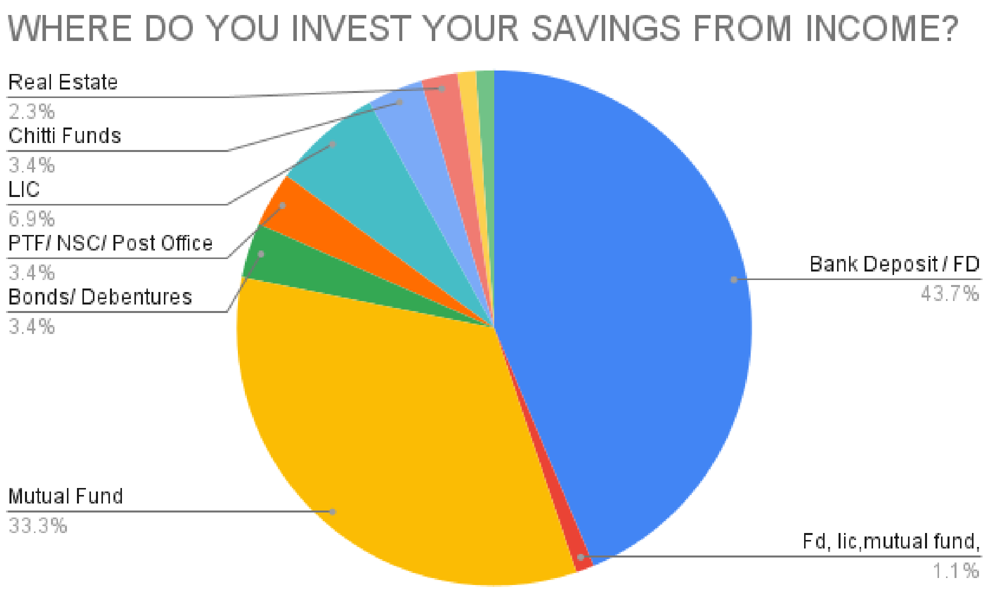
In this figure annual income of 38.5% of respondents have less than 1 lakh and 25.6% of respondents have less than 10lakh and 23.1% of respondents have less than 5lakh.

TABLE 4.6

TABLE SHOWING THAT WHERE THEY INVEST SAVINGS INCOME

CATEGORY	NO.OF RESPONDENTS
BANK DEPOSIT/FD	43.7&
EQUITY SHARES	0
BONDS/DEBENTURES	3.4%
MUTUAL FUND	33.3%
REAL ESTATE	2.3%
CHITTI FUNDS	3.4%
LIC	6.9%
PTF/NSC/POST OFFICE SCHEME	3.4%
OTHERS	1.1%

FIGURE 4.6



INTERPRETATION

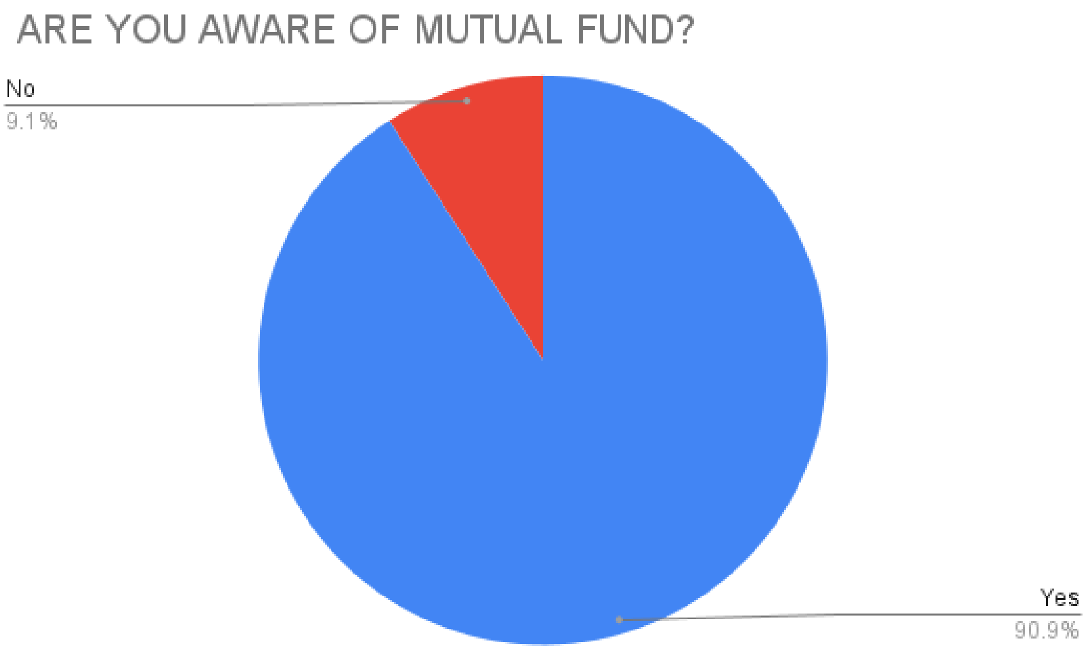
In this chart we can understand that 43.7% of respondents invest their saving in FD/Bank deposit, 33.4% respondents invest in mutual funds.3.4% respondents invest their savings in chitti funds, Bonds/Debentures and post office/NSCI/PTF.

TABLE 4.7

TABLE SHOWING AWARENESS OF MUTUAL FUND

CATEGORY	NO.OF RESPONDENTS
YES	90.9.%
NO	9.1%

FIGURE 4.7



INTERPRETATION

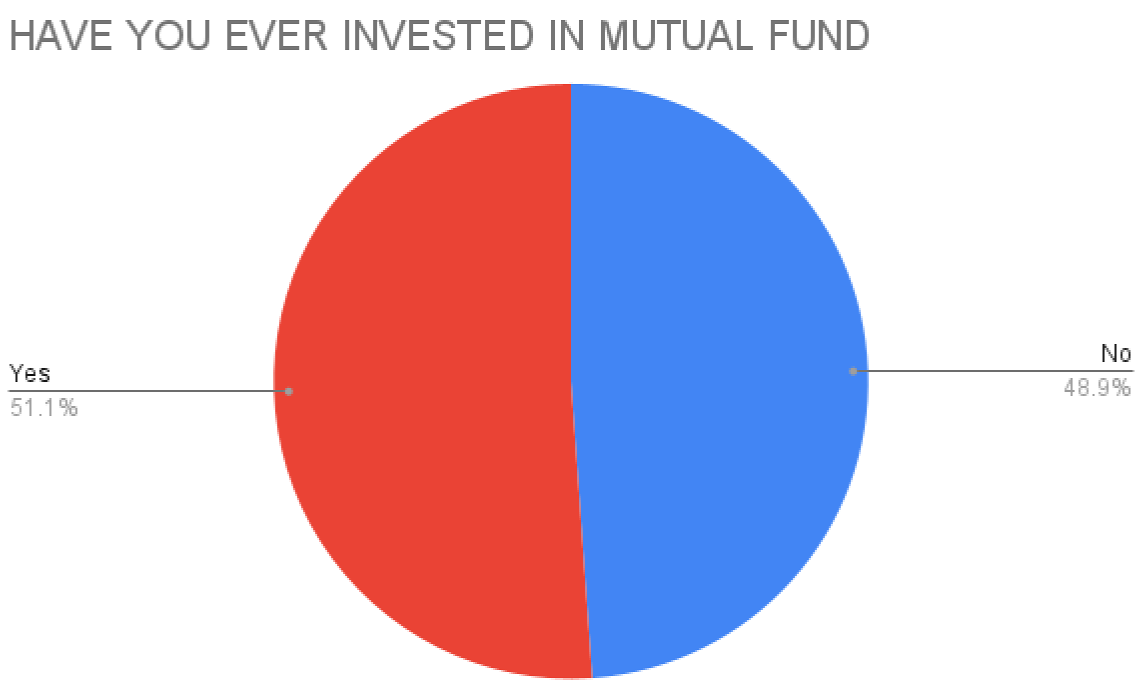
From the chart we can clearly understand that 90.9% respondents are aware about the mutual fund and 9.1% of people are not aware about mutual fund.

TABLE 4.8

TABLE SHOWN INVESTMENT IN MUTUAL FUND

CATEGORY	NO.OF RESPONDENTS
YES	51.1%
NO	49.5%

FIGURE 4.8



IINTERPRETATION

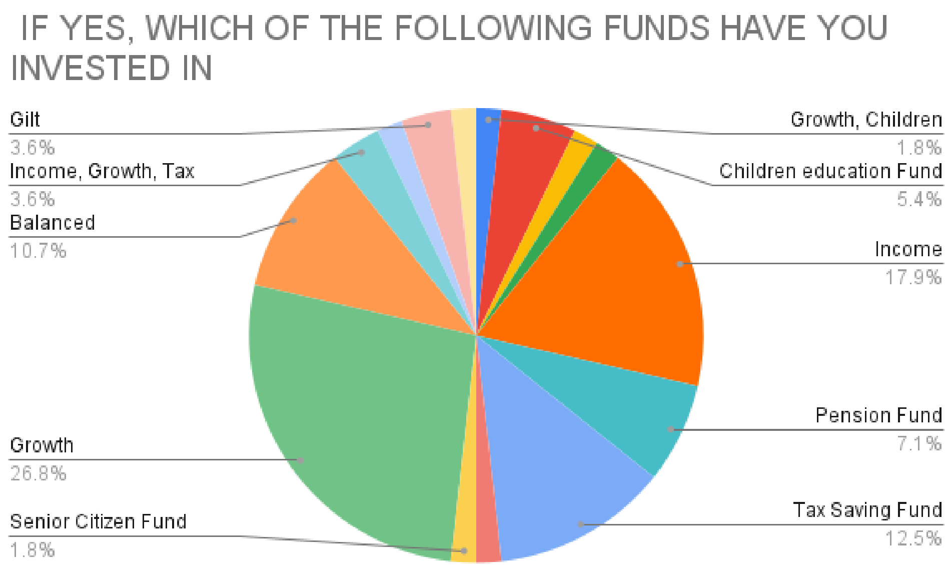
Out of 90 respondents 51.1% people are invested in mutual fund and 48.9% respondents have not invested in mutual Fund.

TABLE 4.9

TABLE SHOWING PEOPLE CHOICES IN INVESTMENT

CATEGORY	NO.OF RESPONDENTS
INCOME	20%
GROWTH	28.6%
BALANCED	10.7%
GILT	3.6%
TAX SAVING FUND	13.7%
INDEX LINED FUND	1.1%
PENSION FUND	7.1%
SENIOR CITIZEN FUND	1.8%
CHILDREN EDUCATION FUND	5.4%

FIGURE 4.9



INTERPRETATION

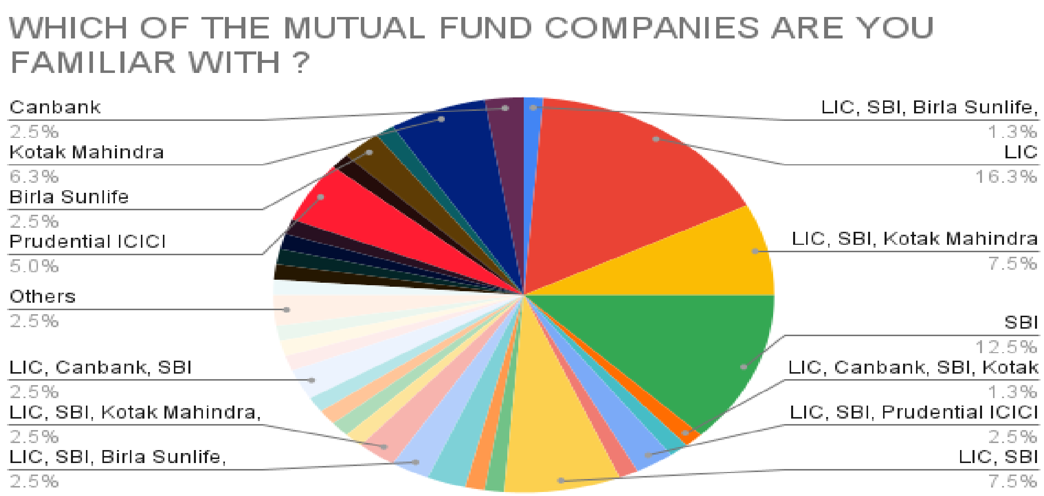
From the chart it is clear that investors invest their funds into different sectors, 26.8% respondents invest their funds for growth and 12.5% respondents are invested for tax saving .3.6% and 5.4% respondents invest their fund for growth , tax saving, income, children education funds etc.

TABLE 4.10

TABLE SHOWING MUTUAL FUND COMPANIES WHICH INVESTORS FAMILIAR WITH

CATEGORY	NO.OF RESPONDENTS
LIC	2.5%
CANBANK	2.5%
SBI	7.5%
ALLIANCE CAPITAL	1.5%
KOTAK MAHINDRA	6.3%
PIONEER ITI	1.2%
SUNDARAM NEWTON	1.1%
TEMPLETON	1.2%
OTHERS	1.45%

FIGURE 4.10



INTERPRETATION

From the chart we can see that respondents are familiar with mutual fund companies. From the data we can understand that every respondent are very familiar with a few companies like LIC, SBI, Birla sunlife etc.

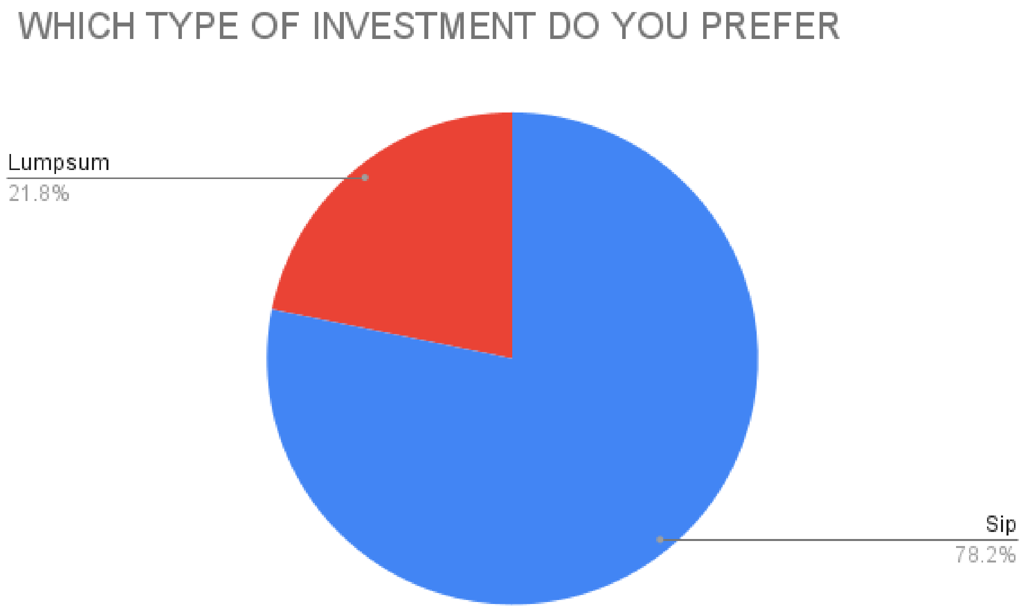
16.3%respondents are familiar with LIC and 2.5% respondents are familiar with Canbank and Prudential ICICI.

TABLE 4.11

TABLE SHOWING TYPE OF INVESTMENT

CATEGORY	NUMBER OF RESPONDANTS
LUMPSUM	21.8%
SIP	78.2%

FIGURE 4.11



INTERPRETATION

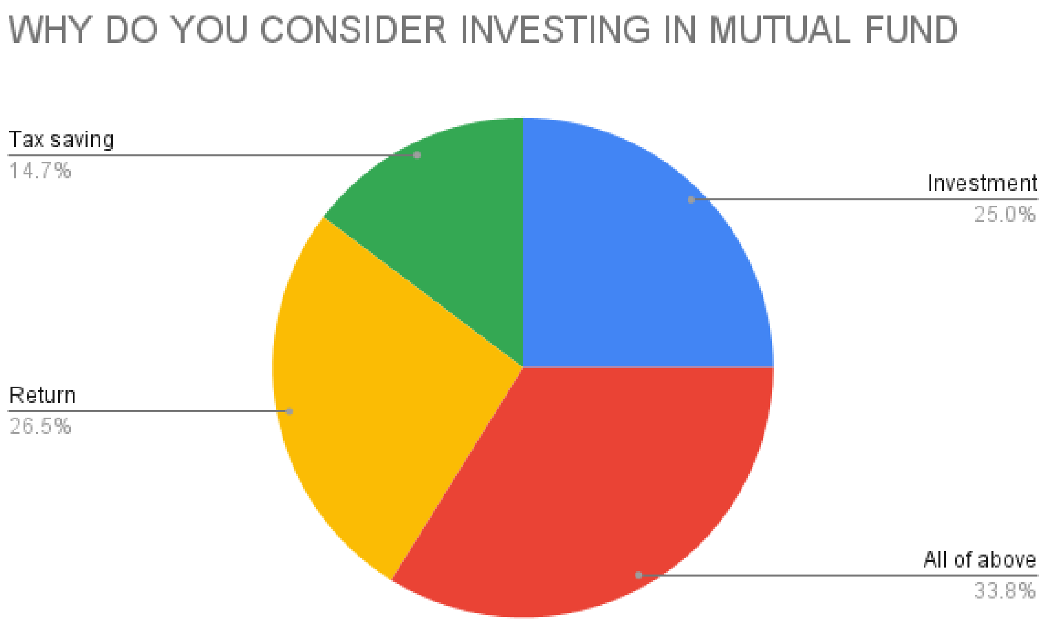
Out of 90 respondents 78.2% of the investors use SIP method and 21.8%use lump sum method.

TABLE 4.12

TABLE SHOWING THE REASON WHY CUSTOMERS INVEST IN MUTUAL FUND

CATEGORY	NUMBER OF RESPONDANTS
TAX SAVING	14.7%
RETURN	26.5%
INVESTMENT	25.0%
ALL OF THE ABOVE	33.8%

FIGURE 4.12



INTERPRETATION

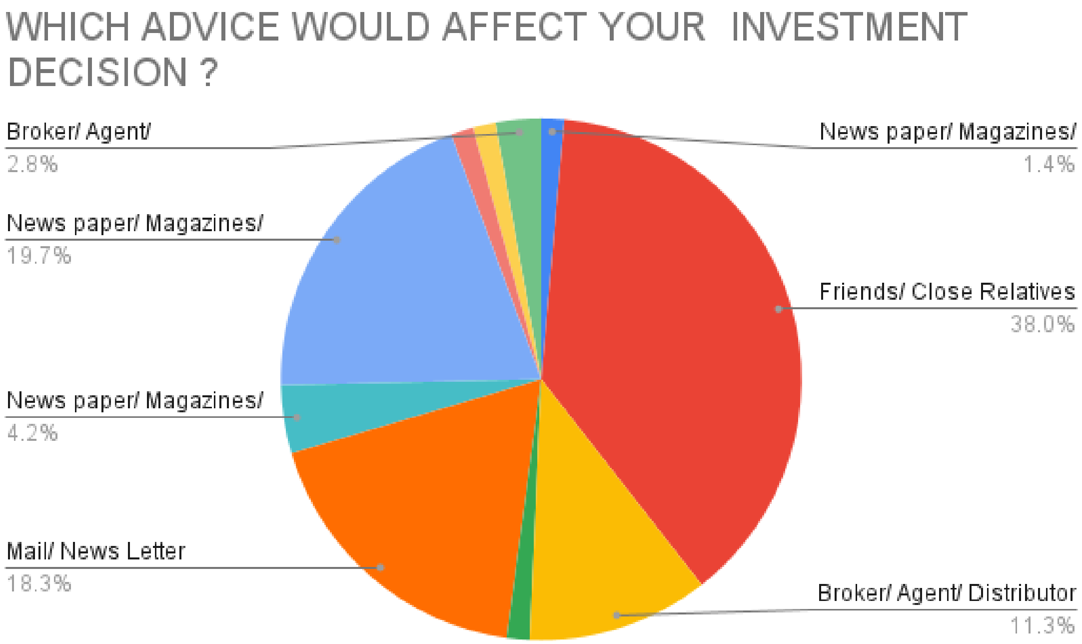
Out of the 90 respondents 14.7% of them consider investing in mutual fund because it is tax saving and 25% consider because it is an investment option.26.5% consider because it provides safe and high return. And around 33.8% consider investing because of all these factors.

TABLE 4.13

TABLE SHOWING FACTORS AFFECTING INVESTMENT PATTERN

CATEGORY	NUMBER OF RESPONDANTS
BROKER/AGENT/DISTRIBUTORS	14.1%
NEWSPAPER/MAGAZINES	25.3%
FRIENDS/CLOSE RELATIVES	38.0%
MAIL/NEWS LETTER	18.3%

FIGURE 4.13



INTERPRETATION

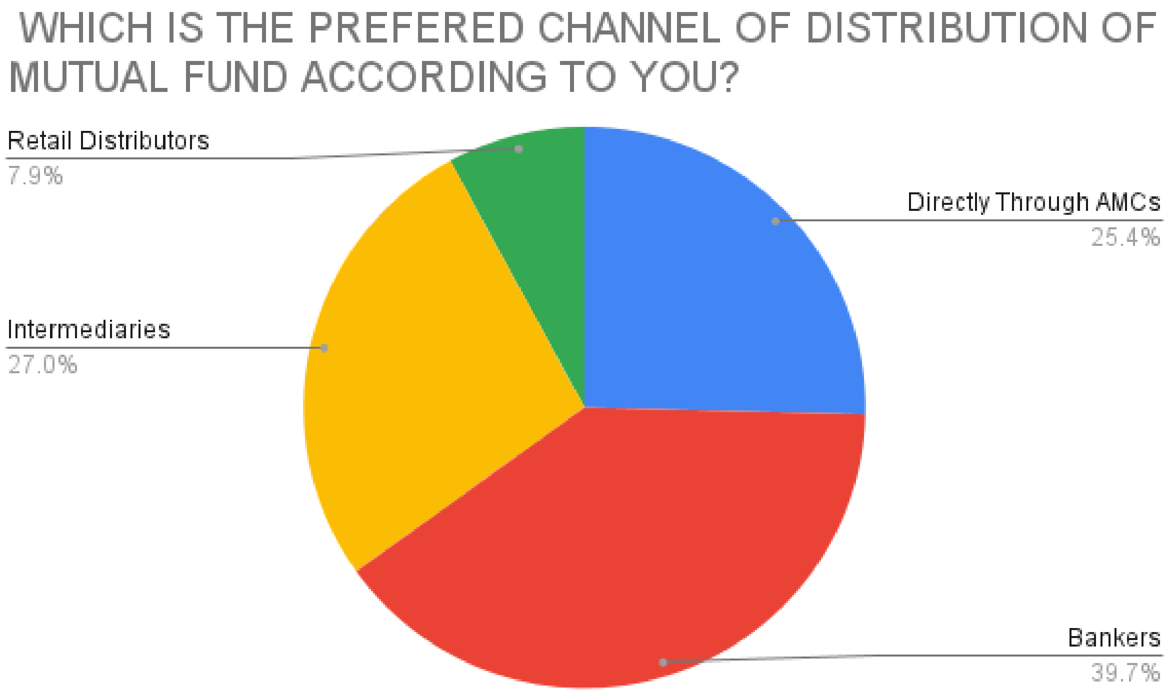
Most of the respondents got information about mutual funds from friends and close relatives which includes around 38% and from other sources like newspaper magazine, mail newsletter, and also through broker agent and distributor.

TABLE 4.14

TABLE SHOWING PREFERRED CHANNEL OF DISTRIBUTION

CHANNEL OF DISTRIBUTION	NUMBER OF RESPONDANTS
RETAIL DISTRIBUTORS	7.9%
INTERMEDIARIES	27.0%
DIRECTLY THROUGH AMC’S	25.4%
BANKERS	39.7%

FIGURE 4.14



INTERPRETATION

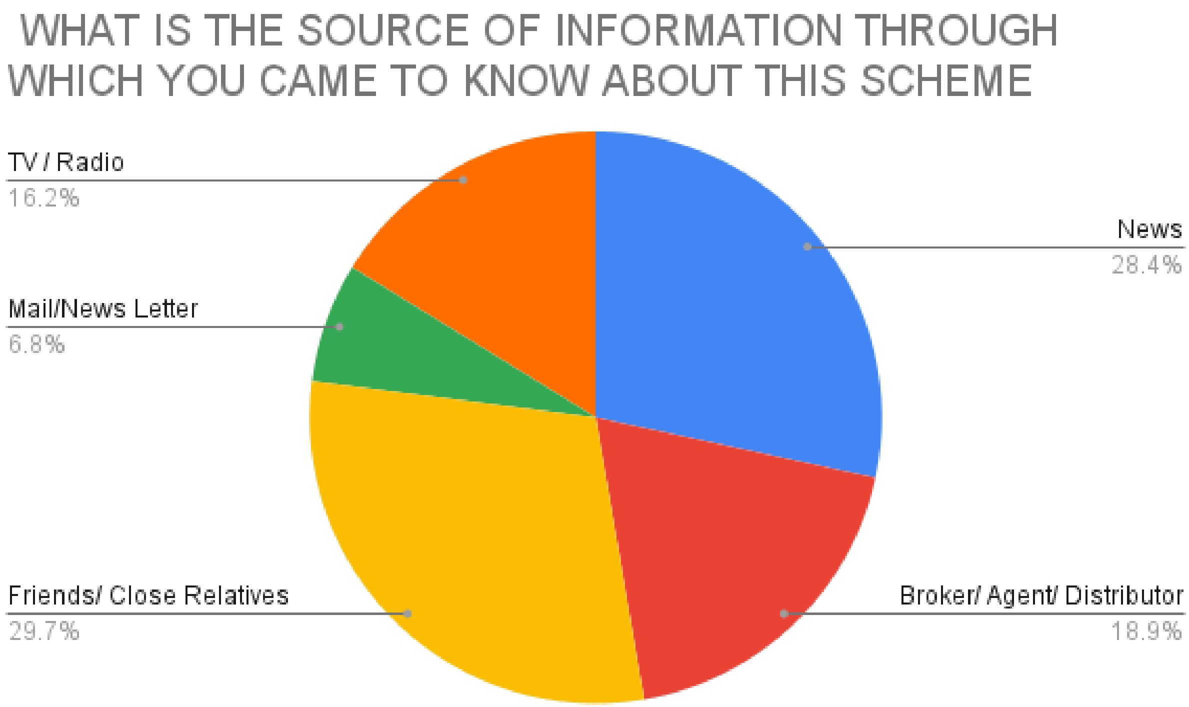
Around 39.7% respondent prefer choosing bankers as the most important distribution channel and intermediaries includes around 27% and 25.4% includes directly through AMCs and at last it comes the 7.8% with retail distributors.

TABLE 4.15

TABLE SHOWING THE SOURCE OF INFORMATION THROUGH WHICH CUSTOMERS GET AWARE OF THESE SCHEME

CATEGORY	NUMBER OF RESPONDANTS
TV/RADIO	16.2%
MAIL/NEWS LETTER	6.8%
FRIENDS/CLOSE RELATIVES	29.7%
NEWS	28.4%
BROKER/AGENT/DISTRIBUTOR	18.9%

FIGURE 4.15



INTERPRETATION

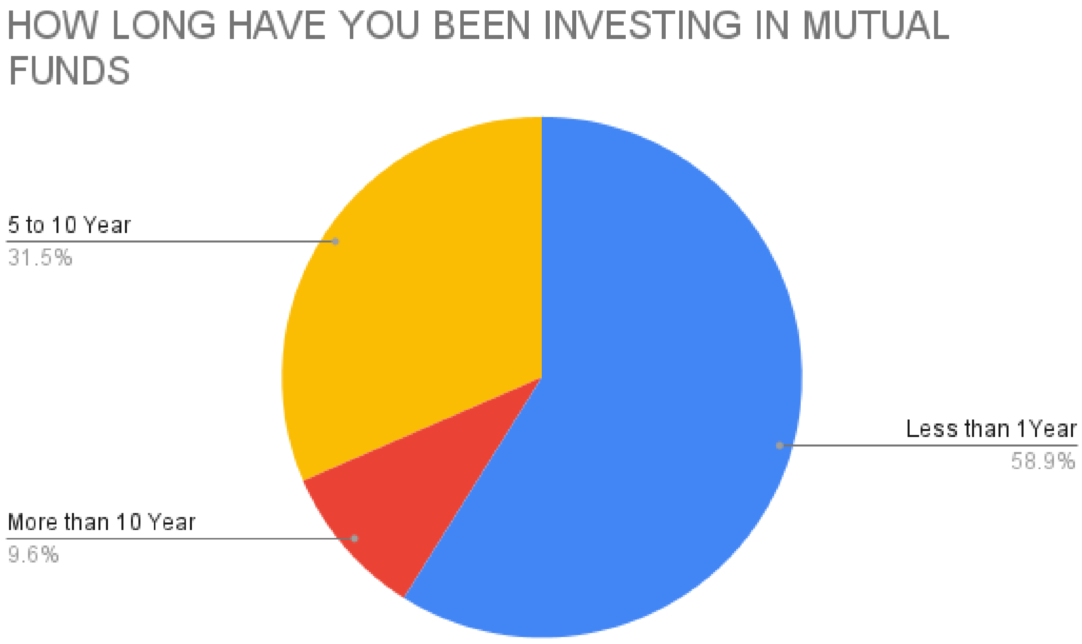
Around 29.7% of people got awareness about mutual funds through friends and close relatives and 28.4% got information's from the news and others got information's from brokers agents and also from TV radios, mail, newsletter etc.

TABLE 4.16

TABLE SHOWING HOW LONG CUSTOMERS HAVE INVESTED IN MUTUAL FUNDS

CATEGORY	NUMBER OF RESPONDANTS
LESS THAN 1 YEAR	58.9%
5-10 YEARS	31.5%
MORE THAN 10 YEAR	9.6%

FIGURE 4.16



INTERPRETATION

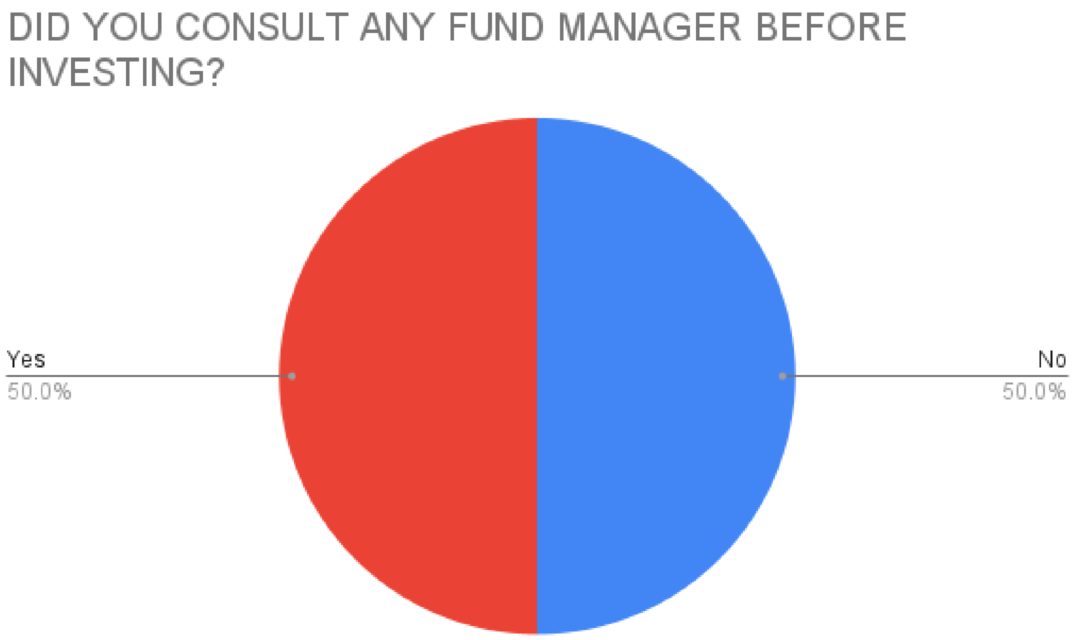
From the response of 90 voters we found that most of them have just entered into the field of mutual fund investment, around 58.9% of respondents have started to invest for the period of less than 1 year. 31.5% have invested for a period of 5 to 10 years and 9.6% have started to invest for more than 10 years.

TABLE 4.17

TABLE SHOWING WHETHER THE CUSTOMERS HAVE CONSULTED ANY FUND MANAGER BEFORE INVESTING

CATEGORY	NUMBER OF RESPONDANTS
YES	50.0%
NO	50.0%

FIGURE 4.17



INTERPRETATION

50% pf people have taken a guidance from a certified fund manager before investing. But around half of the respondents haven't considered the guidance of the fund manager. It is always advised to have a proper advising decision before investing to avoid the huge amount of risk.

TABLE 4.18

TABLE SHOWING THE FACTORS WHICH PREVENT INVESTORS FROM INVESTING IN MUTUAL FUNDS

FACTORS	PERCENTAGES (%)
Bitter past experiences	16.3%
Lack of knowledge	37.6%
Lack of confidence in service being provided	13.5%
Difficulty in selection of a scheme	12.2%
Inefficient investment advisers	14.7%
Others	5.7%

INTERPRETATION

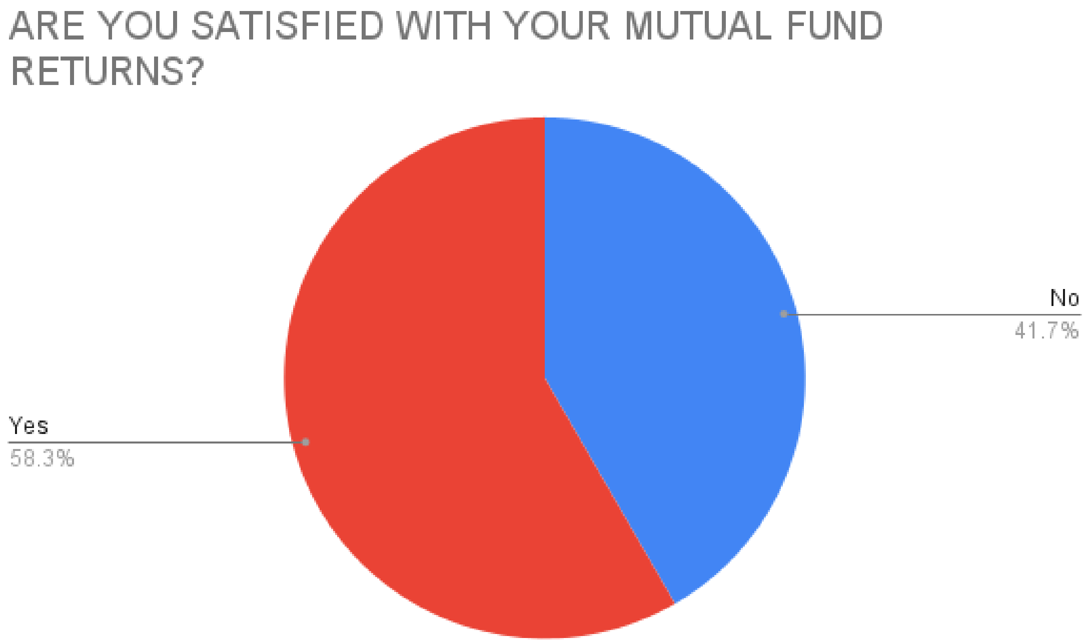
Most of the investors doesn’t have enough knowledge about the steps of investing in mutual funds and also about the possibility of their return around 37.6% of the total respondent have lack of knowledge and around 16.3% have past bitter experience. Other factors includes lack of confidence, difficult in the selection of scheme, inefficiency of fund adviser and various other factors.

TABLE 4.19

TABLE SHOWING THE SATISFACTION OF CUSTOMERS WITH MUTUAL FUND RETURNS

CATEGORY	NUMBER OF RESPONDANTS
YES	58.3%
NO	41.7%

FIGURE 4.19



INTERPRETATION

Around 58.3% of respondent are satisfied with their mutual fund return. And around 41.7% are not satisfied with the return provided.

TABLE 4.20

TABLE SHOWING HOW PEOPLE RATE THEMSELVES AS AN INVESTOR

SCALE OF 0-5	PERCENTAGE%
2	15%
3	60%
4	20%
5	5%

On a scale of 0 to 5 most of the investors classified themselves at the scale of 3 to 4. Around 60 % classified themselves at the scale of 3 and 20% as 4 and 15% as 2 and 5% as 5.

From analyzing all these data, we came to an interpretation that most of the people are aware about the mutual funds and its investment plan, still people are not taking enough steps to invest in it these are due to many factors which includes lack of knowledge and also about bitter past experience. In order to make the people more aware about the plans more awareness should be provided. It is also very important to have that mindset to invest in a proper funds and also to avoid risk for that it is very important for an investor to connect with an efficient adviser before investing. We also found out that most of the investor invest their savings in bank deposits and others forms which included chitty funds, real estates, bonds and debenture and also in post office savings funds etc.

CHAPTER – 5

FINDINGS, SUGGESTIONS & CONCLUSION

5.1 FINDINGS

The results of the study point out the major factors that attract investors to mutual funds are low risk, safety and higher returns as compared to any other means of investments.

Most of the respondents are aware about the mutual funds and they do invest small portion of their money in mutual funds in reputed mutual fund companies like LIC and SBI MF. They make these investments directly.

A large group of people had selected their mode of investment as open ended mutual funds .The main reason for investing in mutual fund is because of high return followed by low risk. It has been found that most of the respondents make a monthly investment.

On the basis plan of investment most of the respondents have chosen one time investment plan. The investors are satisfied with the return on investment. Most of them have low clear idea about public issue followed by lack of information in advertisement and initiatives by industry. Due to safety, the investors feel that mutual fund is better than any other investment option.

- The study was conducted to identify investor's attitude towards Mutual Fund.

- The study revealed that investors between the age groups of 20-60, it also shows that higher percentage of investors is engaged in professional jobs.

- Majority of the investor's motive behind investing in Mutual Fund is to get Returns and Tax deductions.

- The trend shows that better return safety is one of the main features of Mutual Fund that attract the investors in investing in Mutual Fund.

- According to the investors the risk associated with Mutual Fund is moderate.

- According to the findings, large numbers of investors invest by the influence of Friends, Newspapers, and Broker/Agent.

- Survey shows that investors prefer investing in Mutual Fund through SIP method rather than investing through Lump sum method.

- According to the finding, large number of investors preferred channel of distribution of Mutual Fund through Bankers, Directly through AMC,s.

- Survey shows that a major number of investors have been investing in Mutual Funds for Less than 1 Year

- Survey shows that investors are equal satisfaction and not satisfied with the return of Mutual Fund.

- One of the significant findings of the survey that woman are also highly active as an investors in Mutual Fund.

5.2 CONCLUSION

The study conducted found that investors have a positive attitude towards mutual funds investment it can be said that falling interest and recent development in the investment climate in the country. Have led to investment avenues dwindling drastically. But mutual funds are any day a safe bet for investors of different group's motives and other preference. Majority of investors prefers mutual fund as they are tax saving, gives better returns, safe investments. from the study conducted around 90.9% of people are aware of mutual funds but only 51.1% of people have invested in mutual funds this is due to lack of awareness, past bitter expenses not having proper knowledge etc. more than half of the investors were male and their income falls under 500000.

About half of the people consult fund manager rest don't. Around 26.8% prefer growth fund rest 17.9% prefer income funds from the study we also came to know that most of people invest their savings from income to bank deposits and fd's around 43.7% md then comes mutual funds with around 33.3%.

The study also reveals that most of investors are around the age group 20 to 40 as a result more growth in the area of mutual fund in expected in future. additional to that India has as an option of tax benefit that attracts more investors into the field of mutual funds, which is a motivating factors of working class of general public as a conclusion we can say investment in mutual funds feels that, it is better than any other investment option as it provides safety with high returns.

5.3 SUGGESTIONS

Most of the investors are not aware about mutual fund. Therefore, free seminars can be conducted about mutual fund investment. Arranging stalls in public places can also be useful. More advertisement explaining the advantages and benefits of mutual fund will guide a way to reach maximum customers. Investors looking for high safety can go for mutual fund investment.

From the study, it was found that major portion of mutual fund investment was made by men. Programmes can be conducted in order to attract female investors.

Investor Awareness Programmes can be done by AMC for improving awareness about mutual fund in location which have minimum penetration of mutual fund.

- Educating and giving awareness to the brokers, agents so that they can take up the queries of the customers efficiently can reduce problems faced by the investors.
- Mutual Fund companies should increase promotions and advertisement activities through print media so that more number of investors can be made aware of the various Mutual Fund schemes.
- The investors should never blindly invest in Mutual Fund without properly evaluating the scheme related documents.

ANNEXURE

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SURVEY ON THE CONSUMER AWARENESS OF MUTUAL FUND AND DIFFERENT INVESTMENT PATTERN

1. Name of the respondent :

2. Age :

3. Profession : A. Executive B. Retired C. Business

D. Govt.Employee E. Employee

4. Annual Income : A. Less than 1 Lac B. Less than 5lac

C. Less than 10 Lac D. Less than 15 Lac

E. More than 15 Lac

5. Place of residing : A. Urban B. Rural C. Semi – Urban

6. Where do you invest your savings from income?

- Bank Deposit / FD
- Equity Shares
- Bonds/ Debenture
- PTF/NSC/Post Office Scheme
- Mutual Fund
- Real Estate
- Chitti Funds
- LIC

7. Are you aware of mutual fund?

- Yes
- No

8. Have you ever invested in mutual fund?

- Yes
- No

9. If yes, which of the following funds had you invested in?

- Income
- Growth
- Pension Fund
- Gift
- Tax saving fund
- Senior Citizen Fund
- Children education fund
- Pension Fund

10. Which of the mutual fund companies are you familiar with?

- LIC
- Can bank
- SBI
- Alliance Capital
- Birla Sunlife
- Kotak Mahindra
- Pioneer ITI
- Sundaram Newton
- ICICI
- Templeton
- Others

11. Which type of investment do you prefer?

- Slip
- Lump sum

12. Why do you invest in mutual fund?

- Investment
- Tax saving
- Return

13. What is the source of information through which you came to know about this scheme?

- Newspaper/ Magazines / Posters
- Mail/ News Letter
- Tv / Radio
- Broker / Agent/ Distributor
- Friends/ Close relatives

14. Which is the preferred channel of distribution of mutual fund according to you?

- Directly Through AMCs
- Intermediaries
- Retail distributors
- Bankers

15. Which advice would affect your investment decision?

- Broker/ Agent/ Distributor
- News Paper / Magazines / Poster
- Mail/News letter
- Friends / Close relatives

16. How long have you been investing in mutual funds?

- Less than 1 Year
- 5 To10 Year
- More than 10 Year

17. Did you consult any fund manager before investing?

- Yes
- No

18. What all factors prevent you from investing in mutual funds?

- Bitter past experience
- Lack of knowledge
- Lack of confidence in service being provided
- Difficulty in selection of schemes
- Inefficient investment advisors
- Other

19. Are you satisfied with your mutual fund returns?

- Yes
- No

20. How do you Rate yourself as an investor?

- 0
- 1
- 2
- 3
- 4
- 5