**Mutual Funds in India- Exploring the Economic Dimensions**

**ABSTRACT**

Investing in mutual funds is the best option for personal financial security. Apart from playing an important role in the development of the Indian economy, mutual funds also provide opportunities for men to benefit from economic development. As knowledge and information increases, more and more people are realizing the benefits of investing in mutual funds. The important fact is that 90% of working age people in India do not know what mutual funds are. Therefore, the investor in the joint venture still represents only a small part of the market. On the other hand, if many people know the advantages of mutual funds, the number of people investing in mutual funds can be close to 20%. When trying to market a joint venture to someone unfamiliar with it, the two most important things to consider are understanding and discussing what type of investor business would be like buying shares. The first step in setting up a mutual fund is to identify the best investors. Economists study how people save and invest, as well as their preferences for each other's resources. The findings and recommendations presented in this project report are based on this industry research. Thanks to this study, the mutual interests of investors will be better understood. Individuals distinguish between products such as asset management companies (AMCs), stocks, investment strategies (systematic plans and one-time plans) and emphasis on growth and dividends. The entire project will be evaluated as two separate parts. The purpose of the study, data collection method and determination of principles are also included. For anyone looking to invest in funds, participating in strategies is a good way to gain a basic understanding of how money works. Two parts of the work. I took a survey and sent it to 200 people to get their first money. I also visited a few people who wanted to visit the BSL branch where I completed my training. The information has been carefully compiled and presented. I hope the research results will be useful to people

**INTRODUCTION**

Mutual funds are now an important part of most people's portfolios because they provide diversification and easy access to financial markets. It enables individuals and organizations to participate in financial transactions. Kotak Mutual Funds is one of the leading mutual fund companies. Its wide product range, quality management and customer-oriented approach have earned it a great reputation. In this introduction, we will discuss the importance of mutual funds and how Kotak Mutual Funds fit into larger portfolios. It is possible to invest in various assets such as stocks, bonds and other Safes by pooling the money of many people in a joint venture. The management of these funds is supervised by experts in the field. Budget targets and strategies form the basis of managers' investment decisions.

**BENEFITS OF INVESTING IN MUTUAL FUNDS**

Mutual funds can diversify their investments across various assets and reduce the risk of investing instead of personal purchasing. Management Expert: Fund managers conduct research and analysis to inform investment decisions. This allows them to reach beyond the market.  
Mutual funds allow many people to invest, including ordinary people who do not have the knowledge or resources to manage their own investments. There has never been a time when so many people have invested in mutual funds. In terms of liquidity, mutual fund investors can generally buy and sell units at NAV (i.e. current NAV) in one business day. Kotak Mutual Funds is a major player in the financial industry and has a great reputation. Kotak Mutual Fund's innovative products, customercentric approach and excellent performance have earned its reputation. Here are some of the most important factors that prove the importance of Kotak Mutual Funds. Reputation of trust and confidence Kotak Mutual Fund is a subsidiary of the famous and powerful Kotak Mahindra Group, which has a great reputation in the financial services industry. Variety of programs: Investors of all types with different risk appetites can find suitable partner programs among the various options offered by Kotak Mutual Funds. Some examples of these programs include thematic funds, hybrid funds, equity and debt fundsManage your money effectively: Financial experts appointed as fund managers at Kotak Mutual Funds accept past successful investments to advise and assist Kotak Mutual Funds for guidance and education as you seek to make informed investment decisions.

**DIVERSIFICATION OF RISK**

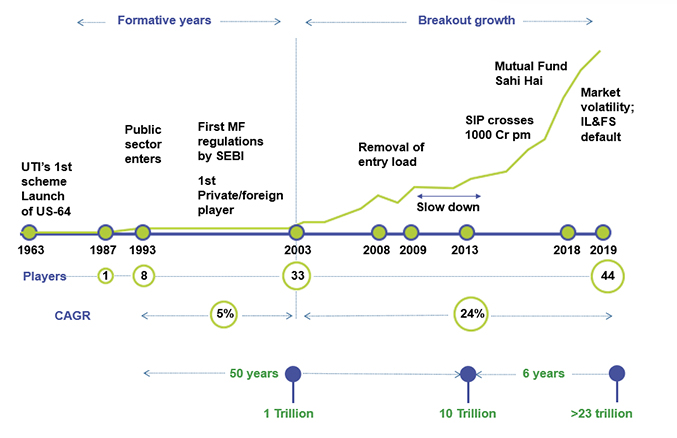
1. Liquidity
2. Flexibility and resilience
3. Lower transaction costs
4. Security of environmental management
5. Options
6. Transparency

**DISADVANTAGES OF INVESTMENT FUND**s

1. Investors have no control over prices
2. Stocks are not produced
3. Investors control the investment
4. The difficulty of choosing the right financial pla

**PROLOUGE**

Preface Business management tools are related to the financial management of the business. When individuals or stock market investors share their resources and allow money managers to trade, this behavior can be considered part of trading. This does not necessarily require pooling of funds, and managing the assets of high net worth individuals (HNIs) can also be considered part of the business. Generally speaking, there are many important aspects of business integration. The most common and obvious are mutual funds. These are generally open-ended funds in which investors can buy shares or buy back shares and pool their investments into business or debt or integration, depending on the policy of the underlying capital. The management market in India mainly consists of mutual funds and pension funds. Although the Indian jointstock exchange started in the 1960s, it grew in the 1990s with the entry of private players into the market, both in terms of size of assets under management and funds. The following article will focus on the history and development of mutual funds in India. The mutual fund industry was born in 1963 with the establishment of Unit Trust Funds of India at the initiative of the Government of India and the Reserve Bank of India. The history of mutual funds in India can be divided into four distinct phases.

**PHASE 1: 1964-1897**

The Unit Trust of India (UTI) was established by an Act of Parliament in 1963. It was established by the Reserve Bank of India and operates under the management and control of the Reserve Bank of India. In 1978, UTI was delinked from the Reserve Bank of India (RBI) and the Industrial Development Bank of India (IDBI) took over control and management in place of the RBI. The first plan launched by UTI was the 1964 Unit Plan.

It marks entry into the nonpublic sector.

**SECOND PHASE 1987-1993** (Entry of Public Sector Funds)

SBI Mutual Fund was the first UTI mutual fund established in June 1987; This was followed by Canbank Mutual Fund (December 1987), Punjab National Bank Mutual Fund (August 1989), Bank of India Mutual Fund (November 1989), Bank of India. (June 90)), Bank of Baroda Mutual Fund (October 92). LIC formed a joint venture in June 1989 and GIC in December 1990.

**THIRD PHASE: 1933-2003**

 (Emergence of Private Sector Funds) With the emergence of private sector funds in 1993, a new era began in the mutual fund industry provided to Indian investors. With a variety of funds to choose from. Additionally, 1993 was the year when the first Financial Regulation Act was issued, requiring all partners other than UTIs to be registered and regulated. The former Kothari Pioneer (now merged with Franklin Templeton) was the first private equity firm to be registered in July 1993. It was changed by regulation. As of the end of January 2003, there were 33 investment funds with total assets of INR 1,218.05 billion. With assets under management of INR 44,541 billion, India Unit Trust is well ahead of other mutual funds.

**FOURTH PHASE : FEB 2003 ONWARDS**

 In February 2003, with the repeal of the Indian Unit Trusts Act, 1963, UTI was split into two separate units. One of these is the private India Unit Trust, which had assets of Rs 29.835 billion at the end of January 2003; this is roughly equivalent to the assets of US 64 plans, guaranteed returns, and some other plans. Some operations of the Indian unit trust are under the control of the manager and are carried out in accordance with the rules laid down by the Government of India and do not come under the purview of the Mutual Fund Regulations. The second is UTI Mutual Fund sponsored by SBI, PNB, BOB and LIC. It is registered with SEBI and operates under the Joint Stock Act. The mutual fund industry has entered its current phase of consolidation and growth.

**REVIEW OF LITERATURE**

Drs. Sandeep Bansal, Deepak Garg, and Sanjeev K. Saini (2012) examined the effect of the Sharpe Ratio and Treynor's Ratio on a number of mutual fund schemes. Using the Sharpe and Treynor's ratios as a point of comparison, this paper examines the results of selected mutual fund schemes and concludes that the overall risk profile of the mutual fund universe can be captured by a simple market index that gives comparative monthly returns, liquidity, systematic and unsystematic risk, and thorough fund analysis.  
Several Indian mutual fund schemes had their returns compared in January 2014 by researchers Drs. K. Veeraiah and A. Kishore Kumar. Examining the performance of mutual funds held by Indians is the driving force behind this study. We looked at how these funds did using a five-year NAV and how they were allocated in the portfolio. Mutual funds outperform naïve investing, according to the study's findings. The majority of investors see mutual funds as a good long-term investment option.

In his 2012 paper "Emerging Scenario of Mutual Funds in India," Dr. Yogesh Kumar Mehta analysed tax funds. This research is based on a sample of equity funds that comprise both public and private mutual funds. Corporate and institutional investors pour a substantial 2.87 million rupees (or 56.55 percent of all MF net assets) into the sector, despite making up just 1.16 percent of all MF investors. Also, the debt segment did not favour MFs.

Two mutual funds, Reliance and Birla Sunlife, had their debt schemes compared in July 2012 by researchers Drs. Surender Kumar Gupta and Sandeep Bansal. The study provides an overview of the debt scheme performance of the Reliance and Birla Sunlife mutual funds using the Sharpe Index, following the computation of Net Asset Values and Standard Deviation. Based on the data from the past five years, the returns on debt schemes are around the same as benchmark returns (4.34% for the Crisil Composite Debt Fund Index) and risk free returns (6% on average).

 In 2013, Professor V. Vanaja and Dr. R. Karrupasamy performed an analysis of the performance of certain balanced category mutual fund schemes in India's private sector. This study of performance evaluation would help investors choose the best schemes available, but it would also help AUMs build better portfolios and fix underperforming schemes. The main purpose of the study is to evaluate different kinds of funds using the risk-adjusted metrics that were suggested by Sharpe, Treynor, and Jensen. It will also compare the returns of certain private sector balanced schemes to industry standards.

 In 2011, E. Priyadarshini and Dr. A. Chandra Babu used auto-regressive integrated moving average (Arima) to analyse the net asset values of Indian mutual funds. This study models a handful of Indian mutual funds using the ARIMA (Box-Jenkins autoregressive integrated moving average)) methodology. By employing conventional statistical methodologies, we have forecasted the mutual funds' future NAV values and verified the accuracy of our predictions.

 Research by Drs. Ranjit, Anurag, and H. Ramananda Singh on Small Town and Sub-Urban Mutual Funds (August 2011). More and more, city dwellers are putting their money into mutual funds. This has led to a saturation of the market in urban areas. In an effort to broaden their pool of potential investors, mutual fund companies are exploring possibilities in less populous change their marketing to appeal to investors in these areas. Attracting investors requires a product to fulfil their needs in multiple ways: it needs to be known to the investors, easily accessible, and affordable. This article covers all of these concerns. It determines how much investors in rural and suburban areas are influenced by aspects like accessibility, affordability, acceptability, and awareness when making investment decisions.

During July 2012, Professors Kalpesh P. Prajapati and Mahesh K. Patel performed a comparative study on the performance evaluation of mutual fund schemes of Indian companies. Using a number of metrics—including risk-return analysis, Treynor's ratio, Sharp's ratio, Sharp's measure, Jensen's measure, and Fama's measure—this dissertation compares and contrasts the relative performance of Indian mutual funds. The NAVs close daily. The information comes from the online database of AMFI, which stands for the Association of Mutual Funds in India. The time period covered by the study is from 2007 to 2011. Based on the performance metrics, it seems like most of the mutual funds made money between 2007 and 2011.

Srinivas Yadav and Hemanth N. C. performed an empirical study on the performance of specific equity growth mutual funds in India from 1 June 2010 to 31 May 2013 (Feb 2014). In order to determine which growth equity funds in India are the most efficient, this study employs performance evaluation tools such as the Treynor and Sharpe measures. The S&P CNX NIFTY is the benchmark that is utilised. From the ten largest asset management companies (AMCs) by AUM over the three-year period from June 1, 2010, to May 31, 2013, fifteen equity growth schemes (NAV) were chosen.

Mutual fund investing was summarised in 2013 by Rashmi Sharma and N. K. Pandya. This paper will go over the basics of mutual funds, including how they work, how to find their NAV, and how to compare mutual fund investments to other kinds of investments. This article discusses how investors' views of mutual funds change depending on various demographic factors. Pie charts have proven to be an effective tool for measuring various phenomena and conducting data analyses that consistently produce trustworthy conclusions. Factors affecting investment in mutual funds have also been analysed using this method.

 In May 2013, Anuradha Garg, Dr. Sanjay Singla, and Rahul Singal evaluated a growth mutual fund's performance. The success or failure of twenty-five distinct growth mutual fund schemes is examined in this article. Between the years 2004 and 2008. For this purpose, three ratios are utilised: the beta test, the sharpe ratio, and the Treynor ratio. Rank is based on these results, and when compared to other schemes, the differences are typically not that big.

**RESEARCH OBJECTIVES**

1. To understand the business performance of management companies in India.
2. Understand the impact of international trade on the Indian financial system. : This negative analysis is based on Birla Sunlife Asset Management Ltd. It will help to understand whether there is a significant impact on the after-tax profits of three important management companies such as. HDFC Asset Management Ltd and ICICI Prudential Asset Management Ltd.
3. Optimum Growth: This financial tool will help in determining the sustainability of asset management companies covered in the study such as Birla Sunlife Asset Management Company Limited and ICICI Prudential Asset Management Limited.
4. SWOT Analysis: Understanding Strengths, Weaknesses, Life, Opportunities and Threats of Indian Mutual Fund Industry

**LIMITATIONS OF THIS STUDY**  
  
1) Due to various limitations, Only three major investment companies were examined due to various limitations; these include Birla Sunlife Asset Management Limited; property management company.  
2) This study is based on secondary data  
3) Since this study is based on secondary data only, the analysis will not be affected, all economic performances of asset management companies are taken into account in this study.

**FINDINGS**

Delhi's population is concentrated between the ages of 36 and 40. Only a small percentage have a college degree or less. Households with income below Rs 10,000 have the lowest rate, while households with income between Rs 20,000 and Rs 30,000 have the highest rate, followed by households with income of Rs 30,000 and above. People put their money in deposits and only 60% put it in mutual funds. . This study analyzes the financial behavior of joint ventures by type (AMC), products, channels, etc. is examined accordingly. Try to understand it as a preference. They feel that their money is not safe in mutual funds. They must understand mutual funds and their respective terms. Although many people have money to invest, they do not invest in mutual funds due to lack of knowledge. As knowledge and income increases, the number of business partners also increases. People invest in companies they trust or know. Dehradoon has many AMCs but only a few are successful due to popularity. Some AMC projects achieved good results but failed due to lack of brand awareness. Reliance, UTI, KOTAK MUTUAL FUND, ICICI Prudential etc. The AUM of these well-known companies is larger than unknown companies. The first choice in mutual fund investments is financial advisors. They can change an investor's mind from one investment option to another. Many investors invest directly through asset managers because they do not have to pay entry fees. Only people who understand funds and how they work and have the time will invest directly.

**HOW TO INVEST?**



You can invest in mutual funds by sending a completed application form together with a check or bank draft to a branch of the mutual fund or the Investor Service Center (ISC) or to the registrar and agent of the mutual funds.

 You can choose to invest online through the mutual fund's website. Join another organization or invest from a vendor. As per SEBI Mutual Fund Regulations, all MFDs must meet the following two conditions before initiating sale and/or distribution of mutual funds obtaining the relevant certification from the National Institute of Securities Managers (NISM); Register with Association of Mutual Funds of India (AMFI) and get an AMFI Registration Number (ARN). Register with AMFI and receive an Employee Identification Number (EUIN). Ltd. (MFU) – a technologybased MF business sharing service platform launched by the joint business for investment funds. For more information, visit [www.mfuindia.com](http://www.mfuindia.com).

Just like buying company shares, mutual funds can also be purchased from NSE - MFSS and BSE - Star MF. To avail this facility, people are required to do onetime online registration with NSE or BSE, as the case may be. For more information on NSE – MFSS and BSE – Star MF, please visit www.nseindia.com / www.bseindia.com.

KYC – Requirements before investing in Mutual Funds. Whether the transaction is in online mode or traditional format, one must first complete the KYC process by filling the KYC form. It's part of the account opening process for all financial institutions. KYC determines the identity and address of the seller from supporting documents such as required photo ID. (e.g. Passport, Aadhaar or PAN card) and proof of address. Compliance with KYC is mandatory under the Prevention of Money Laundering Act, 2002 and its regulations.

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