“MUTUAL FUND” A SMART INVESMENT IN INDIA

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Abstract - The Mutual Fund Industry is a fast-growing sector of the Indian Financial Markets. They have become major vehicle for mobilization of savings, especially from the small and household savers for investment in the capital market. Mutual Funds entered the Indian Capital Market in 1964 with a view to provide the benefit of diversification of risk, assured returns, and professional management. A mutual fund is a special type of investment institution that acts as an investment conduit. It pools the savings, particularly of the relatively small investors, and invests them in a well-diversified portfolio of sound investment. Mutual fund issue securities to the investors in accordance with the quantum of money invested by them. The profit or losses are shared by the investors in proportion to their investments. The investment intermediary offer a variety of services to the relatively small investors who on their own cannot successfully construct and manage an investment portfolio mainly due to the small size of their funds, lack of expertise and experience. This paper attempts to analyse growth of mutual funds for last five-year period i.e. March 2012 to March 2017.Growth of Indian mutual funds is presented by the parameters: 1. Growth of Asset Under Management 2. Asset Under Management Institution Wise 3. Sector wise mutual fund sales 4. Sector wise mutual fund redemption 5.Scheme wise resource mobilization by mutual fund and 6. Total Number of Schemes.

Keyword: **-** Investment, portfolio, scheme, sector, Mutual Funds, Exchange Traded Funds

I. INTRODUCTION

The Indian mutual fund industry has evolved a lot of transformation in the recent years. The changes in the past few years include financial literacy, reduction in the entry charges and the launch of new products. Its growth has been phenomenal compared to the other segments in the financial sector. The savings rate of the affluent Indian well assists the choice of mutual funds as it offers adequate diversification at lesser cost. Exchange Traded Funds (ETF’s) have undoubtedly garnered a significant part of the investor’s portfolio due to increased volatility in the equity markets and other advantages as lower cost &flexibility. Investors often strive to switch between active and passive investments. Active management focuses to outperform the broader index by stock selection, which is predominantly managed by the fund managers, while the passive management focuses to mimic the performance of the Index thereby reducing the cost of management. Index funds & ETF’s have seen incredible growth for the reasons stated above. ETF’s trade close to their Net Asset Value (NAV) throughout the day whereas a mutual fund can be traded on the day’s closing NAV. Both Mutual funds & ETF’s hold various assets such as stocks, commodities, or bonds, and track a specific index. ETF’s have several advantages over traditional mutual funds, such as higher trading flexibility, lower expense ratios, transparency, and Tax Efficient. Mutual funds have higher expense ratios compared to ETFs because of their entry and exit loads.The Mutual Fund Industry is a fast-growing sector of the Indian Financial Markets.. they need become major vehicle for mobilization of savings, particularly from the tiny and manage savers for investment within the capital market. Mutual Funds entered the New Delhi Market in 1964 with a read to produce the advantage of diversification of risk, assured returns, and skilled management. MF industries have already entered into a world of exciting innovative merchandise. These merchandise area unit currently tailor created to suit specific wants of investors. intense competition and involvement of personal players within the race of MFs have forced skilled managers to bring innovation in mutual funds. Thus, mutual funds business has captive from providing a couple of schemes like equity, debt or balanced funds to liquid, market, sector specific funds, index funds and gilt edged funds

The investment company of India|Bharat|Asian country|Asian nation} was the primary open-end investment company discovered in India within the year 1963. within the early Nineties, the govt allowed public sector banks and establishments to line up mutual funds. to shield the interests of the investors, SEBI initial notified rules for mutual funds in 1996. At a later stage mutual funds sponsored by personal sector entities were allowed to enter the market. Over time, the numbers of plus management firms have enhanced to approximately51 to 55

II. LITERATURE REVIEW

K.Alamelu, Dr.G.Indhumathi:- Mutual funds are most suitable investment for a common man as it offers an opportunity to invest in a diversified professionally managed basket of securities at a comparatively low price. The diversification of schemes provides sort of choices to suit the individual objectives per their age, monetary position, risk tolerance and come expectations. within the past few years, we tend to had seen a dramatic growth of the Indian investment company trade with several non-public players transportation international experience to the trade. Investment in mutual funds is accomplished by the perception of the investors. The objectives of the study square measure to spot the investor’s perception on mutual funds and to investigate the factors poignant investors' perception towards mutual funds by victimization two hundred convenience samples in Madurai District, Tamil Nadu. The study found in Madurai District is that principally the Lower internet value people have positive approach towards finance in mutual funds[1].

Dr. M. Ravichandran, T. Iswarya:- A mutual fund is a pure intercessor, which performs basic function of buying and selling security happening behalf of its investors or unit holders. a correct analysis live can take away confusion and facilitate little investors to decide on concerning level of investment in several investment company schemes, thus on maximize the returns. capital of India market provides numerous investors facilitate them to speculate numerous trades, securities, and commodities and to confirm the profitable come. Mutual Funds facilitate the tiny and medium size investors to participate within the today's advanced and current monetary situation. Investors will participate in Mutual funds to purchasing the units of a close theme. during this paper we've taken hand-picked schemes were assessed on the idea of Sharpe, Treynor and Jensen's measures[2].

Reepu:-3 Boston executives in 1924 pooled their cash with no plan of however common the assemblage would become. The formation of investment firm of India, 1963 in conjunction with the ingenuity of state of India and depository financial institution, LED to the dawn of latest trade i.e. investment company trade in India. Its Brobdingnagian corpus allows diversification, thereby minimizing the risks and maximising the returns. so as to become customer's preference now-a-days, various specialised plans in specific to retirement, youngsters etc have conjointly been fictional. the current paper is an effort to grasp concerning investment company, it's numerous schemes and analyse the various risk factors concerned[3].

Arathy B, Aswathy A Nair:-Mutual Funds give a platform for a typical capitalist to participate within the Indian capital market with skilled fund management regardless of the number endowed. The Indian fund business is growing quickly and this is {often|this can be} often reflected among the rise in Assets below management of varied fund homes. fund investment may be a smaller quantity risky than directly finance in stocks and is therefore a safer selection for risk loath investors. n process Re-Write Suggestion Done(distinctive Article) This project aims at finding out the factors touching investment flip mutual funds and its preference over retail investors. This project place along aims at finding concerning the factors that stop the individuals to require a footing in mutual funds. The findings can facilitate fund firms to spot the areas needed for improvement and can place along improve their promoting ways. it's aiming to facilitate the frequence firms to form new and innovative product in step with the orientation of investors[4].

III. OBJECTIVE OF THE STUDY

The present paper is based basically on secondary data. This paper attempts to analyse the growth of mutual fund industry for the last ten-year period i.e. March 2004 to March 2014. Major objectives of this paper are:

i.To analyse Growth of Asset Under Management

ii. To analyse the growth of Asset under Management Institution Wise.

iii. To examine Sector wise mutual fund sales and mutual fund redemption.

iv. To analyse the Scheme wise resource mobilization by mutual fund

v. To examine the total number of Schemes and Number of folios.

IV. RESEARCH METHODOLOGY

This will be a descriptive research wherein the source for the data will be both primary as well as secondary. There has been very limited published data and information with regard to this study.

Hence the study will try to understand the investment pattern among the investors & alsofocus on the performance on mutual funds. This study will cover different stages ofinvestors. Fifty mutual funds schemes having different investment opportunities bothfrom the public & private sector were selected for the purpose of measuring theperformance and also testing the risk-return abilities of the Indian fund managers.

Primary data:

A detailed questionnaire will be prepared and administered on investors. In few selected cities in the state of Gujarat namely Ahmedabad, vadodara, Surat, Rajkot and anaadThe sample of the survey would be 450 mutual funds investors spread across the above cities. The non-probabilistic convenience sampling method will be used for the study.

Secondary Data:

The information collected from the various mutual funds brochures of the company as well from similar research project conducted elsewhere. Annual reports, journals, magazines and books will be referred for this study. Search will also be made from various websites.

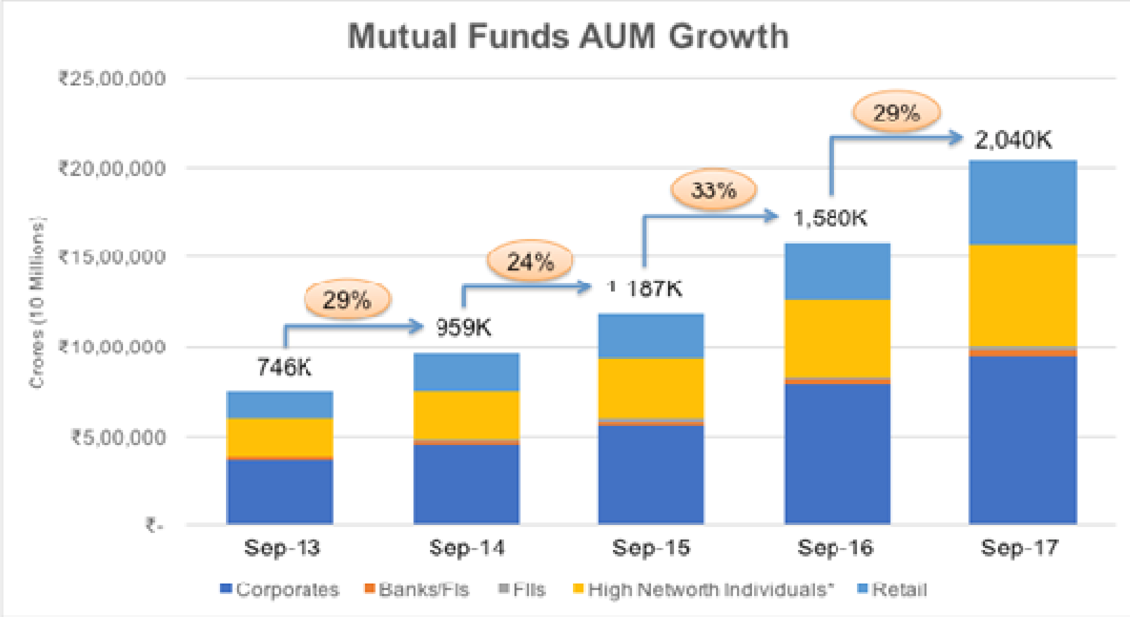

Figure 1 Mutual Fund AUM Growth

Sufficient and increasing GDS will serve the purpose only when the savings are channelized into productive assets. The financial institutions have a role to play in this direction. Since mutual funds are one of the important financial intermediaries whose role in the mobilization of household savings in particular is crucial. Mutual fund industry in the country has come a long way to assist the transfer of HHS to the real sector of the economy. This fact becomes evident from the increasing share of Assets Under the Management (AUM) of mutual funds to GDP. As indicated by the Figure 1 that the ratio of AUM to GDP increased gradually from 29 percent in 2016 to 2017. However, the ratio of 9.37 percent is significantly lower than the ratio of AUM to GDP in developed countries of the world where it ranges between 746K to 2040 k. Among the category of emerging economics, Brazil has AUM to GDP ratio of 40 percent and around 33 percent for South Africa. As such the mutual fund industry has to go a long way in fully realizing its role of mobilizing savings particularly of the HHS.

V.CONCLUSION AND SUGGESTIONS

Mutual fund companies should come forward with full support for the investors in terms of advisory services, participation of investor in portfolio design, ensure full disclosure of related information to investor, proper consultancy should be given by mutual fund companies to the investors in understanding terms and conditions of different mutual fund schemes, such type of fund designing should be promoted that will ensure to satisfy needs of investors, mutual fund data ought to be printed in capitalist friendly language and elegance, correct system to teach investors ought to be developed by investment trust corporations to analyse risk in investments created by them, etc. On the opposite it's needed from government and restrictive bodies purpose of read that a lot of laws ought to be there to secure the funds of investors to be exploited, a lot of tax rebate ought to lean on investment trust investment, correct and effective grievance system, right of capitalist education, and a lot of management on plus management corporations ought to be there. There square measure some suggestions for batter investment for investors that they ought to keep their investment for while keeping in mind the extent of risk involve and saving pattern, they ought to take facilitate of personal money consultants' to possess investment portfolio thus on cut back risk in investment, they ought to not invest in high volatile funds, they ought to collect all doable data before investment, periodical review ought to be in serious trouble investment and risk analysis ought to be done often and properly, maintain correct records for every group action. A careful and cheap diversification of investment in investment trust ought to even be there on investor's half to balance the danger concerned in investment. it's conjointly recommended that capitalist ought to have a habit of normal saving to earn some a lot of further systematically through dynamic market state of affairs since tiny savings can grow into larger capital base. one amongst the robust suggestions is that to take a position an inexpensive a part of investment in to liquid security so to fulfil any contingency.

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