Study of Mutual Funds - its Limitations and Benefits

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Abstract
While the Indian mutual fund industry has registered a six-fold increase in AUM over the last 10 years, it is yet to emerge as the preferred investment choice for retail investors in India. More than 50 years have gone by since UTI started its first sale in July 1964, and we believe that in the next few years, the industry will perform closer to the original mandate of encouraging and mobilizing savings of small investors. The confluence of emerging technology and enabling regulation will facilitate the industry to broaden and deepen its reach amongst retail investors.

We believe that these enablers will help the industry to increase its customer base in a cost-effective manner from 42 mn retail accounts and increase their ticket size. While these measures will enable customer acquisition, AMCs need to focus on retaining customers through sale of simpler products, demonstrating better fund performance, better service quality and deployment of analytics. The industry has witnessed consolidation, and the trend is expected to continue with increasing focus on improving performance.

Keywords: Communication, Mutual Funds, India

Introduction
Mutual Funds are financial instruments. These funds are collective investments which gather money from different investors to invest in stocks, short-term money market financial instruments, bonds and other securities and distribute the proceeds as dividends. The Mutual Funds in India are handled by Fund Managers, also referred as the portfolio managers. The Securities Exchange Board of India regulates the Mutual Funds in India. The unit value of the Mutual Funds in India is known as net asset value per share (NAV). The NAV is calculated on the total amount of the Mutual Funds in India, by dividing it with the number of units issued and outstanding units on daily basis. Unlike investment in stocks, mutual funds do not invest in a specific stock. Mutual fund investment takes place across several investment options so that the investor gets the maximum returns. An investor himself does not have to select the stocks for investment. Fund manager selects those stocks with top-performing investment options that can bring the best possible returns.

Structure of mutual funds
In India, the structure of Mutual Funds is a three-tier structure with a few other significant components. It is not just the different banks or AMCs that create or float different mutual fund schemes; instead, there are other players that are involved in the structure of mutual funds. The primary watchdog in all these transactions is the Securities Exchange Board of India ('SEBI') under whom each entity is required to be registered with. The inception of SEBI (Mutual Funds) Regulations, 1996, revolutionized the structure of mutual funds and since then all the entities are regulated under it. Currently, mutual funds comprise of five basic participants, namely a Sponsor, Mutual Fund Trustee, Asset Management Company, Custodian & Registrar and a Transfer Agent.

List of Mutual Funds in India
- Axis Asset Management Company Ltd.
- Aditya Birla Sun Life AMC Limited.
- HDFC Asset Management Company Limited.

Objectives
- To give a brief idea about the benefits available from mutual fund investment.
- To study and know more about the mutual fund schemes.
- To know and compare other investments with mutual funds.
- To study the limitations and benefits of mutual funds.
- To know how salary people know about mutual fund schemes.

Analysis

<table>
<thead>
<tr>
<th>Particular</th>
<th>No of respondents</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends suggestion</td>
<td>6</td>
<td>20%</td>
</tr>
<tr>
<td>Self- decision</td>
<td>12</td>
<td>40%</td>
</tr>
<tr>
<td>Television</td>
<td>4</td>
<td>13%</td>
</tr>
<tr>
<td>Agent/brokers</td>
<td>8</td>
<td>27%</td>
</tr>
<tr>
<td>total</td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

As per the above table it is analyzed that 27% of respondents came to know about mutual funds by agents, 20% of the respondents by friend’s suggestion, 40% of the respondents are self-decided and 13% of the respondents came to know by television.

As per above information it is analyzed that 57% of the respondents are students, the rest are with different occupations.
Conclusion
Mutual funds are a widely used and accessible investment option for individuals seeking diversification and professional management of their assets. They provide an opportunity to invest in a broad range of securities while minimizing the risks associated with individual stock or bond selection. While the benefits of mutual funds are numerous, including liquidity, convenience, and the ability to match various investment goals, it's crucial for investors to carefully consider factors like fees, fund objectives, and their own risk tolerance when selecting the right mutual funds for their investment portfolios. Overall, mutual funds offer a convenient and effective way to participate in the financial markets and can be a valuable component of a well-rounded investment strategy.